

1954

IN THE COURT OF THE TRANSPORT TRIBUNAL

TRANSPORT ACT, 1947, AS AMENDED BY TRANSPORT ACT, 1953

IN THE MATTER OF THE APPLICATION OF THE
BRITISH TRANSPORT COMMISSION (1954 No. 3)

TO CONFIRM THE BRITISH TRANSPORT COMMISSION (PASSENGER) CHARGES SCHEME, 1954

THURSDAY, 3RD JUNE, 1954

NINTH DAY

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PROCEEDINGS OF THE TRANSPORT TRIBUNAL

THURSDAY, 3rd JUNE, 1954

PRESENT:

HUBERT HULL, Esq., C.B.E. (*President*)

A. E. SEWELL, Esq.

J. C. POOLE, Esq., C.B.E., M.C.

Mr. HAROLD I. WILLIS, Q.C., Mr. E. S. FAY and Mr. KENNETH POTTER (instructed by Mr. M. H. B. Gilmour, Chief Legal Adviser to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. LEON MACLAREN and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the London County Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. E. R. Farr, Town Clerk) appeared on behalf of Barking Borough Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. Keith Lauder, Town Clerk) appeared on behalf of Dagenham Borough Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. J. Twinn, Town Clerk) appeared on behalf of Romford Borough Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. A. E. Poole, Clerk of the Council) appeared on behalf of Thurrock Urban District Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. E. R. Farr) appeared on behalf of the South Essex Traffic Advisory Committee.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. G. A. Blakeley, Town

Clerk) appeared on behalf of Walthamstow Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. R. H. Buckley, Town Clerk) appeared on behalf of the County Borough of East Ham.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. K. F. B. Nicholls, Town Clerk) appeared on behalf of Ilford Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of the County Borough of West Ham.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. D. J. Osborne, Town Clerk) appeared on behalf of Leyton Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. A. McCarlie Findlay, Town Clerk) appeared on behalf of Wanstead and Woodford Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. J. W. Faulkner, Clerk to the Council) appeared on behalf of the Chigwell Urban District Council.

Mr. ARCHIBALD GLEN appeared on behalf of The Mayor, Aldermen and Burgesses of the County Borough of Southend-on-Sea.

Mr. F. A. RULER (President) represented the Federation of Residents' Associations in the County of Kent.

Mr. J. REID (District Secretary) represented the London (North) District Committee of the Amalgamated Engineering Union.

Mr. STANLEY WILLIAM HILL, recalled.

Cross-examination by Mr. HAROLD WILLIS, continued

3102. When we adjourned last night, I had just been looking with you at BTC 709.—Yes.

3103. That shows the actual receipts for the first 20—now 21—weeks of this year, comparing them with the budgets?—Yes.

3104. Will you assume for the moment that our budget apportionment is reasonably right?—I will assume that.

3105. On that assumption, will you help me with this: If your budget in total had been the figure of £1m., in round figures, above the £70·6m., will you tell me approximately what the figure for the 20 weeks to 23rd May would have been?—It would have about another £340,000 on it.

3106. The total for the year is £1m.?—Yes.

3107. And this is 20 weeks of the year, which is two-fifths, roughly. What is two-fifths of £1m.; it is £400,000, is it not?—Two-fifths of £1m. is £400,000, yes, but it would not be quite that.

3108. You are accepting my apportionment at the moment.—Yes, but it is about £340,000 to £350,000 because you cannot take it at quite that crude fraction.

3109. (*President*): I would like to get the arithmetic right. By a fortunate coincidence, fortunate for incompetent arithmeticians, Mr. Hill's correction of £949,000 is divisible by 52, and therefore by 13, and the figure of £949,000 averaged over a week or period is £73,000 a period and £18,250 a week, but I have not done 21 weeks multiplied by £18,250.—I think it is £365,000; that looks rather to be another mystical figure, does it not?

3110. (*Mr. Harold Willis (To the Witness)*): Let us add that to the £26,539,000; what is the result then?—I can do that—it is £25,904,000.

3111. Would you subtract from that figure the actual receipts?—I am sorry; it is £26,904,000.

3112. Yes, £26,904,000; would you subtract from that £26,292,000?—It is £610,000.

3113. So you would have been £610,000 down?—Yes, if I start with that fraction of your budget spread being correct.

3114. I asked you to assume that. What, up to the total of 20 weeks (assume you had been responsible for this organisation) would you have allocated as a budget apportionment of the £70·6m.?—I am sorry, I cannot help you there. I have not done it and would not normally have done it.

3115. Having been shown that, on your total estimate you would have been down by that figure of £600,000 by the end of the 20th week, would you not?—On that assumption, Yes.

3116. Does that not give you any feeling that your total may be wrong?—No.

3117. How much down would you have to be at this stage before you would feel a little apprehension about your total?—I find that very hard, because I have not been thinking in terms of these months, like this.

3118. Well, would you think about it now for a moment? You can think as long as you like; I shall not interrupt you.—I shall have to do more than think;

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[Continued]

I shall have to do a lot of calculation to answer that question.

3119. Have you not considered the impact of your answer on the realities of this year?—Oh yes, very much.

3120. And you have said to yourself: "£600,000 I can disregard."—No, I would not go that far; you cannot disregard it. One must try to find an explanation of why it may be £600,000 down. Let me be perfectly candid; if these May figures are indicative of the position now obtaining and likely to obtain during the rest of the year—if this figure is correct, then my figure is too optimistic and your figure is too optimistic, and the position is going to be considerably worse on both of them.

3121. If we are both optimistic, you are £1m. more optimistic than we are?—That would be so. If these May figures are an indication of the position which is obtaining at the present time, then we are both going to be pretty badly out, and I am going to be worse out than you are; but of course, if that be true, the situation is becoming really desperate, and a fares increase is likely to be the very worse thing for it.

3122. Let us confine ourselves to the estimate. You are, as I understand it, therefore only speaking of your own estimate in the hope that the latter half of 1954 will show a dramatic improvement?—Not a dramatic improvement, no.

3123. But to prove yours, they will have to show a dramatic improvement?—No, a larger improvement than yours.

3124. An improvement in the aggregate of this £1m.?—Yes, but you see there are good reasons to believe that these figures have been rather badly affected by the weather conditions of this year. No one can be sure about that.

3125. The rainfall this Spring has been less than usual, has it not?—Rainfall? I have the official Meteorological Office Report for every month of this year and it is pretty bad on the whole, except April.

3126. Let us look at April. In BTC 709, April shows substantial drops, notwithstanding the weather?—Yes.

3127. To what do you think that is due?—Because you are never able to estimate weather with any reliability at all. You were badly out on Easter last year and this year, so I think that is a defect in your budget.

3128. Do you wish to offer us any suggestion as to how we should deal with the weather?—No; I am just calling attention to the limitations of your internal budget for the purposes of long-term forecasting.

3129. What about 1954?—I might add that in May, rainfall is above average, sunshine is below average and temperatures are below average on the whole month.

(President): Are you passing from BTC 709 now, Mr. Willis?

(Mr. Harold Willis): Yes, Sir, I was proposing to do so.

3130. (President): Mr. Hill, I gather you are saying that you cannot accept as being a reasonable apportionment of the year's expected revenue the figures in BTC 709 for the budget?—Yes, in the first column of BTC 709.

3131. In other words you think they are wrong as a guide to what is happening?—Yes. At their best they are so crude a guide that they do not provide a reliable basis.

3132. How do you arrive at the view that they cannot be accepted as a correct basis if you have not any notion as to what they would be on a correct basis?—I have tested that in this way. I first of all find, as I said at the close of yesterday, this budget for 1954 follows the same line exactly (as near as no matter) as the budget for 1953. I have handed to the Commission my figures on that, but they have not been put in as a table—I do not know whether you wish that they should be, Sir, but I always feel a little hesitant about producing tables so late in the day.

I have noted in my detailed calculations that that shows the 1954 budget is the same curve as the 1953 curve. To justify those facts I would say: First, that the 1953 curve purported to represent a position of stability, because it was as against that curve that they drew their deduction of a decline, and we know it was based on the assumption of stability. We knew that from the 1953 Inquiry. In

this Scheme the estimates for "Z" year have been assumed by the Commission to be based on a progressive decline. Then you get this contradiction that you have two budgets, which follow the same curve; one purports to be based on stability, and the other purports to be based on decline. This of course is obviously contradictory; therefore either the 1953 curve was wrong, or the 1954 curve is wrong, or they are both wrong. It is just irreconcilable with the fact that the Commission say there is a progressive decline.

3133. Let us assume the curve is wrong; it would be very useful to us if we knew what the right curve would be.—I am sure it would, Sir.

3134. You have not considered yourself, for 1954, what the right curve would be?—No, because I do not believe curves of that kind give us enough guide when dealing with what are comparatively small marginal differences.

3135. In other words, you do not think it is possible, even for a period as short as 20 weeks, to see how things are going?—No, not reliably so.

3136. I thought—my recollection is—that for the purpose of considering the cogency of your passenger journey comparisons you were throughout asking us to pay particular attention to figures for five periods.—That is so, comparing them with the same period for last year—not a notional budget. I have done that in relation to the receipts of this year, and I think that gives you a better picture than do these curves.

3137. Anyhow both you and the Commission have peered into the future for 1954, and you have given us different figures for the total year's receipts. Two-fifths of the future is becoming the past.—Yes.

3138. And you say it would be unreasonable for us to draw any inference from the actuals for the first 20 or 21 weeks?—May I put it this way: If one looks to the first 16 weeks (not to the 20) first of all, one gets a position which I can call in aid in substantiation of my figures quite as well as the Commission can. If one puts in the May figures, for after all we do know them, it indicates a position which is much more favourable to the Commission's interpretation than to mine. So much so, that it even shows both of us to be optimistic, if one relies on May. But had we done everything a month ago, my answer is that my experience to the end of April confirms me, certainly as much as it does the Commission; but I must admit my figures are very worrying. I think from the point of view of all concerned.

3139. (Mr. Harold Willis) (to the Witness): Let me just ask you this supplementary question: You are complaining, as I understand it, that our figure of £26,539 for the 20 weeks is too high?—I think it is probably too high; I think it is unreliable.

3140. If we put more into the latter half of 1954, that would indicate that traffics were on the upgrade through the year, would it not?—That would be quite true.

3141. And that of course is not inconsistent with the experiences which we have formed?—No, but what you have done is inconsistent with the view you have formed.

3142. Having formed a judgment that there is a downward tendency, if there is to be any error, is it not better to put more into the first part and less into the second, because that gives effect to the decline?—Precisely, but it shows that your budget and your submissions about a decline are at odds with each other.

3143. (President): At the end of the year it will not be a matter of any importance what the various causes are—diverse, favourable, multifold, single, intermittent or regular. What will matter will be the final result.—Subject to one qualification, and that is that if the factor is declining, then presumably it will continue itself into the next year, and so on.

3144. That would be a matter of importance at the next Inquiry.—Yes, it would be, but whatever the other factor is, it would not matter whether it is reaction, or whatever it is.

3145. All that matters at the end of the year, if the fares are not altered, is whether there will or will not be more or less than 70·6?—At the end of the "Z" year budget; that is not quite the same, but that is so.

3146. (Mr. Harold Willis) (to the Witness): I want to get away from BTC 709 for the moment and to ask you rather more general questions on your estimates. Am

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[Continued]

I right in this, that the whole basis of your evidence in support of your estimates rests upon the hypothesis that you (and I presume you would suggest the British Transport Commission) ought to be able to diagnose with precision what traffic is lost from declining trend, and what traffic is lost from other causes?—Yes, but not with precision to the last point.

3147. But that is the whole basis of this, that you can, in some way, smell what is one and what is the other?—I agree.

3148. And, of course, if it is an impossible task to do it with precision, then the whole basis of your evidence largely disappears?—And all your tables.

3149. So far as 1953 is concerned, you are disputing, as I understand it, the inference that, in BTC 8, there is a declining trend from the tables set out there?—A declining basic trend, yes.

3150. What you are in effect saying, as I understand it, is this: "I agree there appears, in relation to the budget, to be a substantial falling off", and you say (and we need not at this point worry about precise figures too much) it is of the order of £0.5m. or thereabouts; you put a figure of £443,000 and there is a figure of £514,000 here, but I do not want to debate the difference between them at this stage. However, you say it is of the order of £0.5m.?—Yes.

3151. You are saying, because half of that occurred in the first eight weeks—£46,000 in Coronation Week and £170,000 over Easter—that that is sufficient to prove that they were fortuitous circumstances and not a trend?—No, not quite that. To be fair to you, the word "fortuitous" is probably the nigger there; that they represented a falling off from your anticipations. That might have been fortuitous and that might have been due to other factors not known to me, but that during the whole of the period there is no statistical evidence of a trend, and I think we can clear up a lot of difficulties if I define what I mean by "trend", with which I think everyone will agree. Trend is a progressive or a degressive movement that can be projected into the future.

3152. You do not suggest that there is evidence of a rising trend, I suppose?—No, indeed. On London Lines there is, I think, but not here.

3153. So much for the first part of the year. In the second part of the year, on our document BTC 8, we show this percentage of 1.66?—Yes.

3154. You have criticised the amount that has been applied to the end of 1953 to the yield from the last Scheme?—Yes.

3155. In total, we estimated a yield of roughly £4.5m.?—Quite.

3156. What do you say is the right figure of yield?—I think there is some evidence that it has turned out considerably less than that.

3157. I did not ask you that. I said: What do you suggest is the right figure of yield?—I cannot say; I cannot get down to that precision, but it is certainly less than £4.5m.

3158. How much less; is it half that?—No.

3159. Put it within limits, if you can.—Let me do a bit of work on this and I will probably be able to get somewhere with it. I will put it in this way: That if I take my guide from the experience of up to April of this year—

3160. April of this year?—Yes—I should form the opinion that except in the initial period I think we can forget that the Scheme probably failed to produce, as against this estimate, something of the order of £200,000 or £300,000 less, in round figures.

3161. Do you say £4,200,000 would be a fair figure?—Yes, or £250,000, to round it off.

3162. How much of that would you regard as apportionable to the period from August to December, 1953?—Roughly—and now I have to allow for initial reaction, which is very difficult—probably only about £1,200,000.

3163. In that period?—Yes.

(President): Mr. Willis, you said "August to December"; you meant 16th August to 31st December, I suppose?

(Mr. Harold Willis): Yes, Sir; I was using that quickly to describe it.

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3164. (President): Of course you understood that, did you, Mr. Hill?—Yes, I did, Sir. It is about 1,250,000 in round figures. Of course I have discounted for what I think to be the initial reaction and for the fact that conductors did not always manage to collect the full fares in the early days. That is a factor which I have no doubt comes into it at this point too.

3165. (Mr. Harold Willis): You have provided yourself with a lot of statistics to help you. Have you kept your eyes open with regard to the realities of the situation?—You mean outside on the buses, and that sort of thing?

3166. Yes.—Yes, I have.

3167. And have you had in mind the fact that but for the hope of stability which we expressed last year, there has been, apart from rises due to Festivals and so on, a downward trend of traffic since 1948?—Since 1948; I would not disagree with that at all—it has been throughout the whole country.

3168. There has been a general decline since 1948, and the question between us is that we say that appears still to be going on, and you dispute it.—You have said it went on from 1948, stopped in 1952, arrested itself for the best part of 1952, and then continued again in 1953.

3169. We said we thought it had arrested itself, but we now take the view, from our experience, that it had not.—I see.

3170. Did you not appreciate that?—I did not think you had actually changed your view of it, no.

3171. In your evidence-in-chief you seemed to think that it was stupid of us to attach any importance to the greater number of cars there were to-day, and the greater number of television sets.—As something happening since the end of 1952, yes.

3172. Have you not considered the figures of increase, in those two respects, which were referred to by Mr. Valentine in his evidence?—Yes.

3173. There is a very substantial increase in car registrations—this is at Question 530.—Yes, that is quite correct.

3174. And we see evidence of that when we look out into the streets?—Without question, yes.

3175. At the end of Question 530, Mr. Valentine said: "They show a growth in the number of cars licensed of 25 per cent. between 1950 and 1953."—That is so, yes.

3176. And then, at Question 531, I say: "Perhaps you could just give the figures, to see what sort of totals in 1953 we are talking about; in 1953, was the number of licences 606,400?"—Is that LCC?

3177. That is the London Transport area. I do not think you were here when those figures were given.—I did hear that figure, but I was not clear what it was.

3178. It is the London Transport area; it is in part, of course, the figures from the London Motor Licensing Area and an allocation of licensing in the outer areas.—Yes—a purely arbitrary allocation.

3179. It is not arbitrary, but an allocation.—It must be arbitrary.

3180. It is not arbitrary; it is an allocation made by somebody going round with a pencil and paper.—No, but did the Licensing Authorities do that?

3181. The evidence was given; I think we did it. It is pro rata to population.—It might be very wrong, but I cannot see any way of doing it at all, although, of course, I see a way of doing the London County Council.

3182. Would you dispute that that would represent the sort of increase in licensing that one sees?—I do not think so, no.

3183. Do you think that television is a factor affecting traffics?—Yes: I think it has affected traffics very much in the past.

3184. Do you think it still does?—I think it has whittled away in the past two years, and that you are going to get a reaction.

3185. You think that people, having bought their television, and perhaps not yet having paid for them, are not now looking at them?—They are not glued to them. When television first came in—or at any rate up to two years ago—they stopped at home and did not go to the

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[Continued]

cinemas, to the local or anywhere; but it has worn off now—I know that in our house it is just a piece of furniture; we hardly look at the darn thing.

3186. The brewers would not tell us that the people are going back to the locals—No, that is very true; I think they have cured themselves of that habit.

3187. And perhaps they have also cured themselves of the habit of riding in London Transport buses?—Well, perhaps.

3188. Just to refresh your memory about this, I have some figures here; they were given at Question 534. Mr. Valentine, in answer to me, says: "Yes; I think I gave the figure at the last Inquiry, which was the latest then available as supplied to us by the B.B.C., which showed that in 1952 23.4 per cent. of the households in the London Transport Area had television sets. The corresponding figure for 1953 is 30.8 per cent."—that was a big increase?—Yes; I do not know how you split up these numbers over your London Transport Area, but there has been an increase.

3189. (President): Television sets would not be bought originally as articles of furniture, would they?—No, Sir; there is no doubt that when people buy them initially, they quite monopolise their lives and social habits for a time.

(President): It would drive me out, if I had the misfortune to have one, either into the local or on to a bus; it has the adverse effect on me.

3190. (Mr. Harold Willis) (to the Witness): I would like to pass now to a rather different matter. You have given evidence to the effect that we are getting to the stage where increases in fares are producing quite an abnormal loss of traffic?—Yes.

3191. And you are suggesting that that is reaching quite a dangerous point; you reinforce it, as I understand it, by giving figures that whereas in the 1953 Scheme the discount amounted to a figure of 10.4 per cent. of the gross yield, in this Scheme it represents the much higher figure of 26.1 per cent.?—Overall, yes.

3192. The higher percentage indicating that trend towards the danger point. Perhaps it would help me and the Tribunal if you could give me the lower figures—I understand this is progressive—of the percentage of discounts in the 1952 Scheme. Was it somewhere of the order of 5 per cent.? You say that this is progressive; last year it was 10 per cent., and this year it is 26 per cent. Perhaps I can help you?—I think perhaps you can.

3193. In the 1952 Scheme the discounts on the gross increase from the Scheme as operated represent 23 per cent.?—23 per cent. of the gross? I have not that worked out here.

3194. Discounts in that Scheme—I am just giving you the increase—gross £14,582,000; this is as operated after the restriction on the sub-standards. Net, it is £11,236,000; discounts £3,346,000; discounts expressed as a percentage of the gross, 23 per cent.?—Yes.

3195. How does that reconcile with this evidence which you have been giving to the Tribunal that those two figures, 10.4 per cent. and 26.1 per cent., represent a progressive step to this danger point?—What I said is that the 26.1 per cent. is such a vast difference from the 10.4 per cent. that it clearly indicates that it is. On the figures which you have just put to me, it would appear that you allowed very heavily in 1952, and that the public took it.

3196. Is not the answer a perfectly simple one, which you have not either appreciated or put before the Tribunal, namely, that the percentage that the discounts represent to the gross depends almost entirely, or very largely, upon the particular increase of fares which you are touching?—Of course it does. I think perhaps the crude round figures are not very much of a guide.

3197. But you used them; you have given them in evidence. Would you like to withdraw that part of your evidence?—No; they were given only as an indication. But I did give the particular ones, and it is the particular ones which are the dangerous ones.

3198. Let us see what you did say; it was at Question 2400—do you remember it?—I remember the occasion; I do not remember the question.

3199. It is on page 160; you are dealing with percentages, and I ask: "What is the percentage of the estimated gross increase?" Your answer is: "26 per cent. as compared with 10 per cent. in the 1953 Scheme. In other words, taking the picture as a whole, of all the forms of travel facility and all the types of fares, the discounts this time are rather more than 2½ times greater than that allowed for in the 1953 Scheme. But if one looks at particular classes of travel, the vulnerable classes like the ordinary travel on the buses, the discounts are about 3½ times as great as they were last time. Might I put it this way, Sir; the loss from ordinary Central Road traffic last time was 12.8 per cent. of the gross yield; that is the gross increased yield, of course. This time it is 41.6 per cent. If one looks to the country buses, in the 1953 Scheme it was 10.3 per cent.; this time it is 33.3 per cent. Even on the rail Services ordinary, last time it was 11 per cent. of the gross yield, this time it is 26.5 per cent. of the gross yield. In other words, something is brought into the picture this time by way of discounts for the loss of traffic which has never been brought into the estimate before at anything like this degree, even in relation to the large increase authorised in the 1952 Scheme. The indications seem to me here that the conviction on behalf of the British Transport Commission that here these increases have brought them to the stage where they will not result, as in the past, in, shall I say, a normal loss of traffic of the 1 per cent. and 2 per cent. order, but a quite abnormal loss of traffic, which was something never expected in the past." Had you in your mind, when you gave that evidence, the percentage represented by the discounts in the 1952 Scheme?—Yes, amongst others. I know the 1952 on the ordinary travel were very high, but, of course, the big increase on the 1952 Scheme was not allowed, so I do not know what they were in the final result.

3200. I have put the figures of the final result; it produced this figure of 23 per cent., and you went on to say that this Scheme throws the passengers away?—I think it does to an extent here. Although I do firmly believe that London should pay its way—I have consistently said that on all occasions, that as a matter of public policy at issue, it is very important that London should pay its way.

3201. But let us assume that you are quite right, and that London ought to pay its way, and let us assume that the estimates that we have put forward are right. How do you suggest the extra revenue should be obtained?—I suggest that you introduce modified fare increases which would produce under £2m.

3202. Would you support the evidence given yesterday by Mr. Lambert that the rate per mile should be reduced to 1d. and that there should be halfpenny stages?—I think there should be a 3d. stage, but I do not know how you are going to introduce it. If you are ever going to have the 4d. stage, I think you ought to have the 3d. stage.

3203. Do you think we ought to reduce the price per mile to 1d.?—Over all, generally? I have not considered it.

3204. Have you considered how much it would cost?—It would cost a very great sum.

3205. Do you think it would improve the position of the London Area as a whole?—If you made 1d. as the basis, I do not think you could improve the position. I do not think you could pick up as much traffic as you would lose in revenue if 1d. was made the basis.

3206. Now would you be good enough to look at Table LCC 201; that is at page 62 in the transcript. This is a table of passenger journeys originating.—Yes.

3207. It purports to support your conclusion that there is no declining trend, because you say: "Look at the passenger journeys and look what you see".—Yes.

3208. The important column in LCC 201 is the seventh column; it is from the seventh column that you seek to draw conclusions?—Yes.

3209. So far as the periods 1, 2 and 3 are concerned, you are making certain adjustments for the purpose of getting, you say, in the third column a figure to be properly compared with 1953?—Yes—a very crude adjustment, mind you; I made that point in chief.

3210. Let us see exactly how crude it is. I am not going to argue very long with you as to whether there is any conceivable justification in applying the figure of

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[Continued]

percentage to 1951; let us assume you are wrong on that, and that it should be applied to 1952 actual?—Yes.

3211. It must be wrong, must it not, to apply it to 1951 actual?—Yes.

3212. Because when you omit the 1952 actual, you omit any change between 1951 and 1952 which may have taken place for other reasons?—Yes; statistically it is a good way of doing it, but I am quite prepared to say that you could do it on the 1952 basis.

3213. Assuming we do that, you arrive at your percentage by looking at the percentage figures in column 4, and you get at the bottom a figure of 6.0 per cent.?—Yes.

3214. And you have adjusted that to $\frac{5}{4}$ per cent., you say, to give effect to various factors including the Festival of Britain?—It is really to give effect to the Festival, and I have my guide for it by looking at the experience in periods 10, 11 and 12.

3215. How much in total have you deducted from the 1951 actual to represent the Festival?—No; I said I got my guide as to the position *ex* Festival by looking at the experience in periods 10, 11 and 12. I do not have to deduct a figure at all; that gave me my $\frac{5}{4}$ per cent.

3216. But you cannot exclude the Festival from the 1951 figures without saying that the Festival traffic represented something in the aggregate?—Oh yes, you can, but looking to the period after the Festival had finished, to all intents and purposes.

3217. Having looked at that figure after the Festival, by how much did you reduce the figure of the periods during the Festival?—I did not have to do that exercise, but if you would like me to do it, I will have a go at it.

3218. Would you do it for me?—There is no need to do it, of course.

3219. But would you mind doing it?—Yes, certainly. It is a bit involved, but I should say that it was of the order of half a million pounds; say the Festival was worth about half a million pounds. I beg your pardon; you are working on Table LCC 201; I have to turn that into journeys, of course.

3220. Can you do that?—Yes, I think I can do it roughly. I should say that it was 60 million journeys. This is very involved; I think it is about 100 million journeys, but I do want to make it clear that I did not have to do that exercise to get my figure.

3221. You say you did not do it, but I should have thought that the only way to give effect to the Festival is to find out how many journeys were represented by the Festival, and to deduct that from the period when the Festival was on?—But nobody knows; nobody in the world knows.

3222. But you say that you are asking the Tribunal to attach some value to this table?—Yes.

3223. If you think the table is of no value because the process is so uncertain, I will pass from it.—Yes, but there is another way of doing it. One does not choose the impossible path, where there is a possible path available. I cannot possibly say what the Festival produced, and neither can the British Transport Commission; all they can say is what it possibly produced in relation to contract coaches; that is the only possible figure.

3224. (President): What was the possible path which you chose?—By looking at the figures at the time which were not affected by the Festival. I could see that the Festival was influencing the figures very materially, particularly right at the beginning of the Festival, but I could not take the Festival out of that. Then I looked at periods 10, 11 and 12, and there I saw something which was almost devoid of the Festival—it had a bit of Battersea in it, but not much else—and that gave $\frac{5}{4}$ per cent. for those three periods together.

3225. (Mr. Harold Willis): You have given a figure of half a million pounds receipts, and 100 million journeys; that produces as a matter of arithmetic only 1.2d.—No; the half a million pounds was wrong.

3226. You think that 100 million journeys is nearer the mark?—Yes, it might be, but it is not necessary to do this at all.

3227. You say you can get a perfectly accurate result by looking at the period after the Festival?—No; I say

that you can get sufficient guide to make the crude adjustment at the top of the table in column 7 only.

3228. You have adjusted for 1951 actual?—Yes.

3229. Since the suggestion was made that that was quite wrong and that it should be based on 1952 actual, have you made some further calculations?—No, I have not, but I can quickly do so.

3230. Will you work it out first on your percentage, and then I can see what it would be if your percentage was wrong?—Do you want it period by period?

3231. I can give you these figures, perhaps, to save time. I am coming back to the percentage in a moment; this is on the basis of your percentage. Would the figure for the first period in column 5 come to 318,188,000?—I agree.

3232. That is a decline; it is not a plus, but a minus. It would be minus 2,410,000 in column 7?—Yes.

3233. The second would be 316,670,000?—Yes.

3234. Minus 6,797,000?—Yes.

3235. With regard to the third one, you have applied, as I understood it, the percentage to the whole of period 3?—Yes, because I have not the spread for it.

3236. In fact, that cannot be right, because it was only the first week of the period that did not have the fares increase?—It cannot be right if you do it for 1952, but if you do it for 1951 it is right. That is one of the good points of doing it for 1951; you are devoid of that problem. What do you get to?

3237. I have a figure giving effect to the split: I am not going to take up a lot of time on the arithmetic, but that would produce a figure of plus 2,190,000?—Yes, it would be a plus.

3238. You said yesterday or the day before yesterday that in the aggregate it did not matter very much whether you did it on 1951 or 1952, because they came to about the same result?—Yes.

3239. That is not right; my figures show a minus of 6,297,000.—It cannot matter very much. I do not know the basis of your last figure, because the aggregate results in the first three lines of 1951 are 985,000, and in the aggregate results for 1952, about 1,000,000.

3240. The result swings from a plus to a minus; that is the only difference?—Yes.

3241. You say that in the result it makes no difference; does it matter whether it is a plus or a minus? I thought the plus was the significant thing.—I am not deterred by that at all. You have a plus there again in your period 3. All this is purporting to show is that there is no evidence in terms of passenger journeys of a declining trend; that is all it is.

3242. I am told that it has been worked out that if 100 million journeys is the Festival element, the percentage of decline must be very considerably more than the figure which you have allowed?—I do not know; I cannot be sure about that.

3243. It is really something that you cannot say?—I cannot, because I have not really done that exercise on the Festival.

3244. I am just trying to see what value this table has.—No—what value the 100 million might have.

3245. I agree that the percentage only affects the first three periods; let us see what conclusions you can draw from the periods 4 to 9. The only one where there is any substantial plus is in the sixth period, the Coronation period?—Yes; we can cut that out.

3246. You say we can cut that out?—I am sure we can.

3247. In the whole of these estimated periods, there is only about six million journeys?—Yes.

3248. That is not a significant figure one way or the other?—No, but I am not claiming an upward trend; I am just saying that it contradicts a downward trend. That is what the purpose of that table is.

3249. And you think that for those periods you can form reliable conclusions—that is from periods 4 to 9. I thought the whole thing about this trend was that you could not form reliable conclusions on a short period?—You have sought to prove it on a short period. What I have said is: Taking your test, let us see what has

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[Continued]

happened to the number of passengers, and they have not gone down; therefore that made me very suspicious of your test.

3250. That is as far as you want to go?—Yes. I am not trying to prove an upward trend; I am just saying that if people are staying at home looking at television or going out in their cars, it is very peculiar how they manage to spend the same time causing passenger journeys.

3251. And you know this, do you not, that passenger journeys are not necessarily the same as passenger receipts?—They are not.

3252. You may have less receipts by passengers travelling a shorter distance?—Yes, but during this period that question did not arise.

3253. Now will you turn for a moment to Table LCC 209; it is at page 142 of the transcript, I understand. I have not very much to ask you on that table, but the significant figure I want you to look at is the 2d., where the fare was unchanged, but there was in fact a drop-back from the 3½d.—Yes; we are back on this point again, that I must make it clear that this 2d. fare category was unchanged in part, because it includes the children's fares, which were changed.

3254. In both cases?—They were changed.

3255. That feature is common, is it not, both to "Y" year and to "Z" year?—Oh no, that does not arise; you cannot say that. The point was that they were changed under the 1953 Scheme.

3256. Let me see if I understand it. Is there an element of that child travel in the "Y" year figure for that 2d.?—Yes.

3257. Is there an amount included for that same element in "Z" year?—Yes; that is throughout all the period.

3258. Then that element is common to the two columns?—I think, with respect, you have missed the point, or I did not make it clear. The "Y" year and "Z" year are strictly comparable in the sense that they both include the same, but I do not think that comes into it at all. The point is that the 2d. fare category for both years includes not only the ordinary adult 2d. fare, which was not changed, but it does include the child's 2d., namely, the half-fare.

3259. Is what you are seeking to say that you cannot draw any conclusions from the 2d. fare unless you split the 12,677,000 and the 12,536,000 into two components?—No, I am not saying that, because one is so vastly greater than the other. What I am saying is that it is not correct to say that there was no change in the second line.

3260. Then I will pass from that. The significant thing here is that that fare, unchanged, shows a drop notwithstanding that there is a considerable drop-back from the 3½d.?—Yes.

3261. Is not that just the sort of thing that indicates a lot of traffic?—No. It is common between us that "Z" year, even on my alterations on it, has not produced the same total as the "Y" year plus the Scheme would have produced. It is common between us that the volume of traffic is different from what it was.

3262. Why?—Because various things have happened. Your Scheme affects the children's fares to the extent of £20,000; that is all. There is the whole question of drop-back—

3263. That brings it up?—Yes, that in itself would bring it up. The whole point is that it is common ground between us that the "Z" year figure will be less than the "Y" year figure plus your notional allowance for the 1953 Scheme. I have already said that the 1953 Scheme did not appear to produce as much as the Transport Commission expected it to do.

3264. So much for your tables. Now I want to ask you a question or two about London lines. It is right, is it not, that the methods which have been employed in arriving at our figures for London lines have been fully explained by Mr. Winchester?—In broad outline, not fully explained. He has given a very fair broad outline.

3265. And you, or the LCC, no doubt, instructed by you, have asked for a very great deal of information?—That is so.

3266. And that information has been supplied to you?—Most readily and most helpfully.

3267. Is the effect of your evidence that all those man hours which have been spent on these costings have been so much waste of time?—No, not at all.

3268. You think they have produced something of value?—Not much.

3269. So it is largely waste of time?—Unless there is a lot more behind it than the broad outline that we have, yes.

3270. And you want to go back to the last year's basis. I think last year you wanted to go back to the basis of the year before?—No, I did not. What I wanted to do last year was to criticise and reduce those percentages on the ground that London travellers were not costing so much pro rata as others. Do not put too much on the 26 per cent. and 25½ per cent.; I did not want to go back to the previous year.

3271. Can I summarise your basic approach to London Lines, through these inquiries, saying that it has been this: "You, the Commission, are really wrong in not seeking to get much more precise figures in regard to London Lines costs; that is where I blame you—you do not bring them up to date and you do not try to get the costing as precise as it is possible to have it." Would not that be the substance of your criticism?—Yes, and I still make that criticism. They are a long way short of precision yet on this.

3272. If the results of our costings had produced figures of expenses below the old formula, what advice would you have given to the London County Council about that?—It should say: "God bless them; let's shut up on this for the moment"—all of us would.

(President): Mr. Hill has said: "God bless them" for a small part of the work, you see, Mr. Willis.

(The Witness): You are asking me what I would have done in the circumstances, just as a human being. I should not have said: "Ah! These costs are right"; I should have said—well, I have told you.

(President): In any event, you would not have said it aloud, Mr. Hill.

3273. (Mr. Harold Willis) (to the Witness): Now I want to ask you just a few questions, but not very many, on another matter. The real difference between our approach this time and our approach in the past has been to try and get the London costs more precisely ascertained, rather than to seek to apply percentages based on overall costs?—That is quite fair. In the past you have applied percentages, but subject to the assurance that you have given the matter a great deal of thought and test, and you are satisfied that these percentages were also true for London. That was very strongly put, you know.

3274. Let us see about that. You quarrel with that, because you said that London does not have pro rata the same expenses for one reason or another, and now we have sought by this approach to see what London's actuals are.—You have sought to, but if I may say so with the fullest respect to the people who must have been engaged very laboriously on it, it was a most unreliable costing exercise, in my opinion.

3275. You have not really sought, as I understand your evidence, to go into any detailed criticisms of this?—No, because quite frankly I could not do it in less than six months, and with the fullest of facilities.

3276. I would not be justified in taking up very much time in cross-examining you on this, but there are one or two points which I want to put to you. The terminal figure comes out at roughly the one-third that we have agreed in the past, so there is probably not much quarrel between us on terminals?—Clearly, as to the figure we should accept for the purposes of enquiry, I think that is so; but I have always thought that the true terminal costs would be less than that percentage.

3277. So it is not of importance for me to waste time with you in considering whether this should be on a passenger basis or on some other basis?—I think there is 0.4 between us. I do not mean between an

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alternative calculation, but between what the position would have been if you applied the old formula to the corrected figures after adjusting for the steam miles.

3278. It is 12.4, taking our movement?—Yes, and the old movement figures adjusted for the error, but brought up to present costs—

3279. No; I am just taking the percentage point. Assume that our 12.4 per cent. movement is right, and you apply 33½ per cent., you get a figure of 4.1 something.

(President): It is 4.13 recurring.

(The Witness): There is nothing of significance if you approach it from that point of view.

3280. (Mr. Harold Willis): I assume that you want to—, I do not want to assume that you are right in applying the 33½ per cent. to that.

3281. Do you only want to apply it if you can succeed in persuading someone, or the Tribunal, that your figures are right?—No, not at all. I have the application here of what the application of the hitherto accepted formula would have brought up to date.

3282. Please answer the question—

(Mr. Geoffrey Lawrence): He is.

3283. (Mr. Harold Willis (to the Witness)):—with regard to the terminal error; do you wish the Tribunal to adopt 33½ per cent. of movement expenses as the basis?—I am quite prepared to say Yes to that.

3284. Then without the assistance of my learned friend we can get on a little quicker—

(Mr. Geoffrey Lawrence): It means "proper movement expenses".

3285. (Mr. Harold Willis): It means such movement expenses as the Tribunal thinks are proper.

(Mr. Geoffrey Lawrence): But not on your particular figures.

3286. (Mr. Harold Willis): I did not ask that, with respect—and on the movement expenses generally. (To the Witness): Again I am going to ask you: There is not a very big difference from last year, if you bring those up to present levels?—£1m.

3286. I am not going to pursue that in detail. So far as the track is concerned, you gave evidence to the effect that it was a sort of general muddle between the Purley and Brighton costs?—I do not think I used the word "muddle"; I am sorry if I did.

3287. You may not have used that word, but you seemed to convey that.—Well, it is, is it not?

3288. Let us just see. You gave the answer at Question 2486, at page 163. What you said was: "On the track costs, it is no more than saying that on the Purley District the costs in 1953 were X and on the Brighton District they were Y, and now all the tracks we will assume as something of the character of Purley or of the character of Brighton, or else it is a bit Purley-Brighton"?—Yes, that is right.

3289. We have explained to you how we have actually got at that, have we not?—Yes.

3290. And it comes to this, does it not, that in regard to that part of the London Area which comprises the Purley District—this is in the end of the first bundle, Sir; it was Bundle 6, almost the last page of that bundle.

(President): Yes; headed "Maintenance and Track".

3291. (Mr. Harold Willis): Yes, Sir. (To the Witness): Did you understand how we have dealt with that?—Yes, I think I have followed your method.

3292. And it is not clear that we have ascertained an accurate figure for the Purley District? Do you challenge that?—I do not necessarily assume it to be

accurate; I do not know what abnormal work was in it. I know nothing about it, and neither does the Tribunal. All you have taken is a figure derived from some total expenditure, which may have contained quite a lot of abnormal maintenance, for all I know.

(President): Mr. Hill does not challenge it, but he does not admit it.

3293. (Mr. Harold Willis): In those circumstances I do not think I can usefully pursue that with Mr. Hill. (To the Witness): So much for the London Lines, except just this: You did say rather disparagingly in regard to the exercise as a whole that they are not costings at all?—That is right.

3294. Do you know on what basis the London Pool formula was arrived at?—Yes.

3295. Was that arrived at on the basis of test costing?—Yes; it was quite right.

3296. And it is that formula which you say ought to be continued to be adopted by the Tribunal, just uplifted to give effect to present-day variations?—What I am saying is that until this matter has been properly costed—and I would like to add to that, checked independently, but I am probably not entitled to say that.

(President): We could.

(Mr. Harold Willis): The right thing to do is to continue to accept what has been accepted for the last few years.

3297. Mr. Hill, you have not given any evidence in regard to the 300 series of tables which set out cheap fares outside London. Do you, as a financial witness, regard the introduction of a fare structure in London comparable with that (if it could be done) as desirable?—No, I do not, because I am not quite sure where one would begin to pick and choose. The point is that there is no coherent, consistent, fare structure in the provinces at all.

3298. That is exactly what I was going to put to you. —But nevertheless the point is that a great deal of them round the large towns are at a lower level than in the London Area; it cannot be put higher than that.

3299. You see, I find it difficult to understand the object of the 300 series. Do you understand the object of the 300 series?—I think it is just to bring forward important information, and it is in connection with the point that in these areas outside London the prevailing level of charge is lower than in the London Area. But I am not the author of those tables.

3300. But you have studied this matter a great deal and you have a lot of experience of it. What would you seek to ask the Tribunal to draw by way of deduction as regards this Application from those tables?

(Mr. Geoffrey Lawrence): Is my learned friend not really asking Mr. Hill questions which he would like to ask but is unable to ask of me?

(President): I think that may be so. It is obvious that Mr. Hill does not really desire to say anything about that part of the statistical evidence.

(Mr. Harold Willis): If you would prefer that I did not pursue that, I will be only too pleased to fall in with your wishes. Mr. Hill is never ordinarily reluctant to express a view on almost any matter about which he is asked. It occurred to me it might be of assistance to the Tribunal, who have had Mr. Hill's assistance on so many previous occasions, to get his assistance on this matter.

(President): Mr. Willis, you asked me whether I would prefer you not to pursue this matter with Mr. Hill: my answer is that I would prefer that you did not pursue this matter with Mr. Hill or with anybody else. In fact, I think I would prefer that nobody else pursued this matter. For myself, I think it was pursued far enough yesterday.

(Mr. Harold Willis): Having ended the dispute on that happy note, I think I can end my cross-examination.

Re-examined by Mr. GEOFFREY LAWRENCE.

3301. Mr. Hill, May I just work backwards upon the few points that arise—they are only very few—from the cross-examination? On your table LCC 201 you have emphasised that it is not a table which is designed to support a submission that there has been any upward trend.—By no means, no. It would not be reliable enough at all to form that opinion.

3302. But faced with the positive case that there has been a downward trend, does the table draw attention over the period of the whole year to the position with regard to passenger journeys?—Yes. The whole theory of downward trend is related to a certain interpretation of experience in those periods. So all I have done here is to say, Let us see what happens on passenger journeys,

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It does not bear it out; and that is the beginning and the end of it.

3303. In order to see whether any help can be derived from a consideration of passenger journeys in this way, is it necessary to look at the last part of the year as well as the first?—Yes.

3304. After the impact of the fares increases?—Yes.

3305. Now let us turn to discounts. You said when you were asked about the 26 per cent. of gross yield of this year compared with the 10·4 per cent. of gross yield last year, that it was the particular cases that were the indications that the danger point may well have been reached, or some such words as that.—That is so.

3306. What is your reason for saying that it is the particular cases which are important?—For these reasons: there is a certain amount of travel, which is very, very large in London indeed, which is not really vulnerable to fare changes such as a large part of the seasons, the early morning and so on, people just have to travel. The ordinary travel is of course extremely vulnerable; we have seen by comparing it just how vulnerable it appears to have been so far.

3307. When you get to the figures of discount in relation to particular cases (which were mentioned by you in the long answer read by my learned friend), is it your view that they are sufficiently high to indicate a danger signal?—They are certainly sufficiently high to indicate a danger signal. I cannot think of anything worse happening for the wonderful London Transport system than that it should run down through loss of support. When one keeps in mind also this 2d. gap—I am sorry, but it is a bit of a King Charles's head with me—my opinion is that almost anything might happen around those fare categories around that level: people just will not pay 4d. if they can travel for 2d.

3308. Finally, document BTC 709 was handed in after the conclusion of your evidence-in-chief, I think, and therefore I was not able to ask you any questions about it. The learned President asked you some questions with regard to the budget figures for 1953 and 1954, and you spoke about a document which you had prepared which shows the curves.—Yes.

3309. I wonder, Sir, whether I may have your leave to put that document in?

(President): Certainly.

(Mr. Geoffrey Lawrence): May it be circulated.

(Mr. Harold Willis): It is not a graph, is it?

(The Witness): It is not in the form of a graph, but the co-efficients are expressed.

(Mr. Geoffrey Lawrence): It is your table, Mr. Hill, but because you were under cross-examination, I have been unable in the circumstances to take your instructions upon it. I must therefore leave it to you to explain it yourself, if you will.

(President): We had better give it a number.

(The Witness): I think it will be 212, if it is in the LCC 200 series.

3310. (President): Yes.—This just sets out the 1953 Budget on the left-hand side and the 1954 Budget on the right-hand side. If you look at the figures at the end of the 4 weeks' period in each of those two budget statements, there is expressed what ratio the cumulative figure at the end of each week-period bears to the total; so it does give the measuring points. They are the points which one would put on a graph. It shows quite a remarkable similarity, right down to 0·1 per cent. with occasional divergence from 0·1 per cent. but right, down to 0·1 per cent., for most of the period on the same routes throughout.

3311. (Mr. Geoffrey Lawrence): Yes.—In other words, the two curves are the same. The remarkable thing to me is that whereas the 1953 curve purported to be based on a condition of stability and the 1954 curve purported to be based on a condition of downward trend, nevertheless the two Budgets present the same curve. So either the British Transport Commission, when doing their budget, have forgotten about the downward trend over the year except in total or, alternatively, there was something wrong with the 1953 Budget. That is the point I think I put to Mr. Willis in his cross-examination.

3312. The 1953 figure of £66·7m., the figure with which we were so familiar last year, was admittedly based last year on the assumption of stability?—Yes, definitely, the 1953 Budget was based on stability.

3313. The figure of £70·6m. for this year is the figure which is said to be deflated for downward trend, in total.—Yes.

(President): Among other things.

3314. (Mr. Geoffrey Lawrence): Yes, among other things, it is deflated to the round amount of £700,000.—£667,000.

3315. If the compiler of the 1954 Budget had been budgeting for a progressively downward trend, would you have expected the measure of percentages in the last column here to have exhibited certain differences from the percentage relating to 1953?—They must have done; it would follow.

3316. Although you would end up with 100 per cent. at the end of the year?—Yes.

3317. But the relationship from period to period would be different?—The distribution would be different.

3318. The distribution would be different.—Not by more than perhaps 0·4, 0·5, or 0·6. In fact I think I can possibly give that more precisely. They could get up to the maximum difference of 1·0, because that is the amount of the trend allowed, progressive over the year, 1·0; but that of course would be less over the year. There is no indication of anything like that, and it cannot be due to augmentation and development pulling in the opposite direction because that is present in both the figures, too.

3319. (Mr. Poole): I do not quite understand this, Mr. Lawrence. Are not each of these figures for each period taken as a percentage of the total figure, say £70·6m.?—Yes.

3320. I can quite understand variation where Easter Monday appeared in one period in one year, and in another period the next year. If you are allowing deflation for a trend and you are taking the percentage of the total in each case, I do not see why the percentage should not be round about the same each year.—It would, sir, because it is implicit in a trend that it is less effective in January than in December. That is the very nature of the trend—either a progressive decline or a progressive incline.

3321. Why?—That alone is trend, Sir.

3322. (President): If there are no other causes operating.—If there are no other causes operating in the opposite direction sufficient to nullify it, and if no other causes have been allowed for in the figure of £70·6m.

3323. (Mr. Geoffrey Lawrence): The figure of £66·7m. is a figure which included, *ex hypothesi*, no trend at all; it is a stability figure?—Definitely.

3324. The figure of £70·6m. is not that; it does include, so we are told, a factor of decline.—Yes.

3325. Taking each budgeted period total as a percentage of the grand total at the end of the year, if there was no difference in that factor between one year and another, you would expect, would you not, the percentages per period to be identical?—If there was no trend at work, yes.

3326. If there is a trend at work you say the distribution would be different. In order to illustrate it, in what way would it be different? Would it be higher at the beginning of the year and lower at the end, or what?—It would be higher at the beginning and lower at the end. The gradual approach to the 100 per cent. would be different; the percentage of the total at the beginning would be higher and there would be that corresponding difference throughout.

3327. In the early part of the race you would make good strides towards the target, and your efforts would become fainter as you come near to the end?—Absolutely, that is the very nature of trend, and it is borne out, of course, by paragraph 8 of the Commission's statement, Statement BTC 8, when they draw attention to the fact that "Z" year is not really 1954, but that their figures are too high for "Z" year because the downward trend would project itself into that further period of six months into 1955. It is the same theory. If there were other factors which were pulling against it in the exact opposite

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direction and to the same moment, you would still get these two results, but of course no such other factors have been brought into the £70.6m.

3328. If the pull of opposite forces is equal, you get a balance.—Yes. I do not think these figures in any way go to prove that there is another force which should be brought in to the £70.6m. I think they just confirm that these domestic budgets of the London Transport Executive are quite unreliable for the purpose of measuring the trend month by month.

3329. In other words, it really brings us back to paragraph 5 of BTC 8, and to the illustrative calculation there upon which the whole theory of this trend has been constructed.—Absolutely.

3330. And the apportionment which I ventured to say at a very early stage in this Inquiry was of critical importance in the acceptance or rejection of that calculation?—Yes. That the volume of receipts is now less than it was for "Y" year, plus the notional additions for the increases under the 1953 Scheme and so on, is common ground; but whether it was due to public resistance or something else, is still not resolved.

3331. (President): We shall have to make up our minds, Mr. Hill. You see, we cannot just say the Preamble is not proved and break up happily at 12.15.—No, Sir.

3332. If we are to neglect budgets we are left with actuals, are we not, the 1953 actuals and the 21 weeks of 1954 actuals? We shall have to do the best we can.—Yes, and I only hope you will study the weather amongst other things, as I am sure you will.

3333. (Mr. Geoffrey Lawrence): If the Commission are right and we are wrong about this trend, which itself accounts for £0.7m. or thereabouts plus the other matters which you indicate, which bring the figure of inflation of the "Z" year estimates up to £0.9m., if the Commission are already mistaken in their estimates, the position would be, as you say, desperate indeed.—Yes, the position in 1953 is such that if you neglect May, there is nothing serious in these minus at all. There are more pluses than minuses, and the two big minuses that pull the total down were exceptionally cold weeks, the quite abnormally cold weeks, at the end of January and the beginning of February. There is nothing to worry one at all until one gets to the end of April. But I do agree that the main figures are a real shock if you accept the proposition that their budget for the seven days ending 2nd May, and the seven days ending 9th May, was a correct figure.

3334. But if the situation is really as desperate as that, in your opinion is an increase of fares such as is proposed by this Scheme any way to meet the situation?—I should have thought it would have been the last way.

(Mr. Geoffrey Lawrence): That is the evidence for the Objectors whom I represent.

3335. (President): Mr. Hill, suppose we came to the conclusion that there was a gap between the probable London Transport Executive revenue for "Z" year and probable receipts for "Z" year of, let us say, £3m.?—Yes.

3336. How much more than that minimum of £3m. would it be prudent for us, as a kind of Chancellor of the Exchequer, to provide for?—As a sort of contingency margin?

3337. My experience over years is that the Chancellors of the Exchequer as a rule provide for a surplus; and it would be prudent, surely for a concern of this size to do the same thing?—I should have thought, in the present circumstances, no, Sir, and for these reasons: this is, as has been stated, an interim Scheme to be put alone on London. This is the one point, I think, where London alone is relevant, certainly more than any other. It is to put an extra burden to allow this. If you were satisfied that the figure should be X, I cannot really see any reason why it should be X plus a contingency allowance in these special circumstances. If one were now settling fares for the British Transport more or less as a whole, or British Railways, on what one may hope to be a reasonably long-term basis, just as water and electricity charges used to be settled, then a contingency allowance of perhaps £1m. would be right, but I cannot believe that a contingency allowance in the present circumstances of this Scheme is really merited at all.

3338. Although if the possible contingency happens, and the estimated additional revenue is not obtained, the only

result will be to impose, when we come to the next Scheme, a further burden on London to make up for a past deficit, will it not?—That would happen. That would be the position, Sir, if London is to be accounted for in that way, yes. But it may be, Sir, that you take the view that any cover for contingency could be written off against the efficiency investigation that is going on, and perhaps something will come from there to produce—

3339. You mean, bank on a good report of the Chambers Committee?—I do not mean bank on it from the point of view of cutting our budget, but you may obtain something to cut out a contingency margin.

3340. At any rate, you do not think in the case of London Transport, if we thought there was a probable gap of £3m., that it would be right in present circumstances to provide for more than that £3m.?—No. That is my view, Sir.

3341. Would you say the same supposing—taking London Lines for the moment as a separate entity—we came to the same conclusion in the case of London Lines? I am taking £3m.—Yes.

3342. Supposing that in the case of the London Lines component of the London Area Services, we again should not provide for any contingency?—I think that is so. Sir; but I must say that I find it very hard to separate the two because, in my submission, you will find that one is a minus and one is a plus.

3343. I understand that, but I am asking you to assume a final result of £3m.—Yes.

3344. Because, of course, any conclusion one comes to on London Lines (whatever method you adopt) is much more speculative, is it not, than a conclusion come to with regard to London Transport?—In that your expenses are much more speculative, unquestionably, yes.

3345. Therefore, the likelihood of there being an error in one's estimate is greater, is it not?—I do not know, Sir.

3346. Not in your estimate; in one's estimate.—Yes, I know you said that, Sir; on the assumption that one is going to get a firmer basis later on, yes. But if it is a constant factor, if indefiniteness is a constant factor, then I do not think it does.

3347. I am assuming that both you and I are agreed that what we said about the speculative nature of any calculation in the case of London Lines in the last Memorandum is true, therefore in the case of a London Lines estimate there is a wider possibility of error than in the case of London Transport.—Yes. I think I agree with that, Sir.

3348. Notwithstanding that, you do not think any contingency allowance should be made?—No, I do not think so, Sir, because the error can always be a plus or a minus; therefore I think it would be very unfair to say the error could be plus or minus, so we will have a plus contingency allowance. It could go either way.

3349. Very well. Have you the transcript of your evidence of the Seventh Day? You see, in answer to Question 2,407, you said as I think you said all along, that the fare structure proposed is a very bad one. Then you told Mr. Lawrence that you did not think you could give him, and therefore us, some assistance as to what would be a good fares structure.—Yes.

3350. Then in answer to the two following questions you said you thought you could make some helpful suggestions.—Yes.

3351. On the assumption, first, that something in the nature of £4m. is required in order to enable London Transport to bridge the gap, what helpful suggestions would you make?—Could I have time on that? They need so much working out.

3352. At any rate, you cannot help me today?—I am afraid I cannot.

3353. You see, Mr. Hill, I am certain you appreciate it is very difficult for us to come to the conclusion that a lesser figure than the £4.3m. is required; it is a very difficult matter to alter the scales.—Yes, it means doing the whole job again.

3354. One cannot just take one fare category and alter that.—No, that is very true, not without running the risk of the double booking, too much of which might

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[Continued]

be serious at certain points and might not be at others. I do appreciate, Sir, that that is wholesale exercise. One has had that with Licensing Authorities, where they have adjourned for three weeks after their preliminary decisions, to let the parties get together. It is very tricky indeed.

3355. You have not had enough time to give enough attention to the topic as to what helpful suggestion we could consider to meet your emergency calculations, £14m., Mr. Hill?—Of that order.

(The Witness withdrew.)

(Mr. Geoffrey Lawrence): Those last observations raise, if I may say so with respect, a matter of considerable importance which have exercised the minds of my clients at these inquiries. Some preliminary work has been done on the question of fares structure based on the reduced requirements for which we are contending, but it is not complete. I can say this: if we knew what the global or target figure was, we would be prepared and very willing indeed to place every possible form of assistance before the Tribunal in the way of translating that global figure into an adequate fares structure. But we have difficulty in working the thing out on a series of hypothetical figures when we do not know what your initial decision is going to be.

I can only make the respectful suggestion that, if you require any help in this way, as soon as we know what the determined figure is, efforts will be made to render assistance. It is rather a second stage of the Inquiry, but we have not, of course, any constructive proposals to offer at the moment of a detailed nature in the absence of knowing what the target is on which they should be based.

(President): Then that is the case for the London County Council.

(Mr. Elton): I appear today for Mr. Collard. He asks me first of all to apologise for not being here himself. His difficulty is that he is part-heard in a criminal matter which he cannot leave.

On behalf of the Objectors I represent, I have one witness here from Grays whose evidence, I think, is of

3356. Have you any suggestions of a scale we could construct if we thought that was a right gap?—I have some rather hazy ideas. Can I have a little time, even on that, to test them out?

3357. You can have until Mr. Lawrence has concluded his speech, and then he can incorporate them if you are ready to give them.—Yes.

3358. Otherwise we shall have to keep them for the next Inquiry.—Yes.

(President): Thank you very much, Mr. Hill.

some little interest, because it is one of those areas where quite recently there has been a scheme of co-ordination, and London Transport has taken over various services operating there. With the consent of my friends, if it were thought to be a suitable course to you, I would like with your indulgence to address you very shortly at the end of his evidence so as to avoid the necessity of those I represent being represented here again to make any further intervention in these proceedings. I think I can say I shall not occupy more than five or ten minutes at the outside in making some observations.

(President): Have you spoken to your colleagues?

(Mr. Elton): I have.

(President): Are they willing that you should now not merely call a witness but also make some observations?

(Mr. Elton): They have no objections to that course.

(President): Then that will be the most convenient thing to do.

(Mr. Elton): I am much obliged. I will call Mr. Irons.

(President): I am a little surprised to hear you say you are calling evidence because no questions were addressed to the Commission's witnesses in cross-examination.

(Mr. Elton): I hope you will allow me a little indulgence in the matter, because I am fresh to the Tribunal.

(President): I am aware otherwise than from anything that has happened in this hall, that Mr. Collard has been in some difficulties these last few days.

Mr. DAVID WILLIAM IRONS, sworn.

Examined by Mr. ELTON.

3359. You appear, Mr. Irons, as a witness on behalf of the Thurrock Urban District Council. Are you a member of the Thurrock Travellers' Club, which is a branch of the local Ratepayers' and Residents' Association?—I am.

3360. You have been living in Thurrock for the past six years?—I have.

3361. Are you familiar with the transport services in the area?—I am familiar with them from personal experience.

3362. Is it right to say that a large number of the people living in the area travel daily to and from London?—If is.

3363. For their work?—Yes, for their work, a matter of 20 miles.

3364. I think it is well known that railway facilities between Thurrock and London are not adequate.—It certainly is, yes.

3365. Have the railway fares between Grays and London increased generally in this order? In 1948 a day return was 2s. 9d., and an ordinary return was 3s. 8d.; now the ordinary return is 5s. 2d.—That is quite correct, and typical.

3366. Is there a new estate to the north of Thurrock where something like 40,000 people are being housed, where the people cannot conveniently use the railway at all?—There is.

3367. That is at Averley, is it?—Yes, that is at Averley.

3368. And they have to use London Transport coaches or buses and there are no season ticket facilities available?—The coaches offer a small reduction, but it is not to be compared with the season tickets available on the railways.

3369. Is it your experience that the financial burden of travel, even without the proposed increases, is great for the people living in the area from where you come?—I believe it is very serious; one would almost say it is a very serious social problem, particularly with the people on the London County Council estate.

3370. Was it in 1951 that a scheme of co-ordination was carried out in the Grays area, as a result of which the Eastern National Omnibus Company closed its Grays Garage, and its services from that garage were transferred to London Transport?—That is broadly correct. Towards the end of 1951 a small private operator was taken over by the Eastern National Company, and the Eastern National Company subsequently transferred the bulk of its local services to the London Transport Executive. The London Transport Executive at the beginning of the following year co-ordinated all the local services in Grays, all the ones that had been taken over, with their existing scheme.

3371. Have the facilities afforded improved as a result of that scheme in your view, or not?—By and large, I would say no. In particular, one can of course get a direct comparison from the old routes of the Eastern National and the present routes, along the same roads, which are operated by the London Transport Executive.

3372. What about the frequency of the services on the four main routes; that is, Grays to Fairway, Grays to Nutbury, Grays to Tilbury Freeland and Grays to Tilbury Ferry? What was the old frequency?—The first two services you mentioned were partly operated by the Eastern National and by the previous private company, and between them they maintained a 10-minute service throughout most of the week. The other two services

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[Continued]

which you mentioned were operated by the Eastern National Company at a 10-minute frequency in the same way.

3373. What is the frequency today?—The frequency today varies, but generally speaking it has deteriorated very much. There are fewer vehicles and 12 minutes, 15 minutes and 20-minute services, and even a half-hour service in one instance.

3374. What has happened to the fares over those services, irrespective of the present proposed increase?—I can quote a few typical examples which I have here. First of all, the Grays—Fairway or Grays—Nutherry service—I have checked these from a 1949 timetable and also from the present timetable—in 1949 had a 2d. fare; today it is 3½d. From Grays to Tilbury Highway, which was one of the old Eastern National routes, the fare in 1949 was 4d.; today it is 7d. from Grays to Tilbury Dock, the single fare in 1949 was 2½d.; today it is 3½d. From Nutherry Corner to Tilbury Dock there was a 3d. single and a 5d. return in 1949; today the fare is 5d. single, apart from the early morning tickets, which are 3d. From Grays to Tilbury Ferry in 1949 was 6d. return and 5d. single; today the same journey costs 8½d. single.

3375. As a result of the co-ordination, are there some routes on which London Transport Executive vehicles are operated where Eastern National services are still operating?—Yes, that in fact happened. A number of the services taken over were taken over as regards particular routes, but it happened that the Eastern National Company were also operating journeys along the same routes in some cases.

3376. What did the Eastern National do about their fares on those routes on which London Transport were operating parallel services?—We found in fact that the Eastern National fares were increased very considerably, presumably by application to the Licensing Authority, in order to keep them in line with the standard London Transport fares.

3377. Was one of those, for example, the journey between Grays and Stamford le Hope?—Yes, that is correct. London Transport operated what is more or less a special workers bus to a point beyond Stamford le Hope. The distance between Grays and Stamford le Hope is 5·3 miles, and as a result of the fact that London Transport operate over the same route—presumably as a result of that—the fare which used to be 7d. return is now 1s. 1d. return on the Eastern National.

3378. You mentioned that London Transport ran a service to a point beyond Stamford. Did you mean London Transport or the Eastern National?—The London Transport only operate over this route in regard to a

special route which runs to Coreyton, beyond Stamford; it is mainly for the workers of the oil refinery there.

3379. The Eastern National have increased their fare from 7d. return to 1s. 1d.?—That is correct.

3380. Is that a general increase for Eastern National's services outside the London Area? What has happened to the Eastern National fares outside the London Area?—The Eastern National fares, to my knowledge, have only been increased once since 1949, and that, in my experience, not by a great amount. I have an example here; the single fare from Grays via Stamford le Hope to Leigh-on-Sea is 18·4 miles, and that fare has only increased by 2d. since September, 1951.

3381. When these services within the Thurrock area were taken over, what happened to the facilities for return and workmen's tickets?—The old Eastern National Company operated certain very favourable return tickets, of which I have given a few examples already. In addition to that, there were favourable workmen's tickets. These advantages have been lost, except in so far as London Transport offers early morning fares. As an example, I gave Grays to Coreyton via Stamford le Hope.

The service of which I spoke just now. It used to be 1s. for a workmen's return ticket; it is now 1s. 1d. for the single journey, and the workman travelling before 8 o'clock in the morning can get there for 4d., making a total of 1s. 5d. for his return journey as against the 1s. The proposed increase, of course, would make that 1s. 7d.

3382. Have you the figures for the comparative standard charges of the Eastern National and the London Transport?—Yes, the only figures I have are for the Tilling Group as a whole, as quoted by the British Transport Commission. In their Report for 1952 they quoted figures of receipts per passenger mile, and on page 20 of the Report I find the Tilling Group fares. The Eastern National, of course, belong to the Tilling Group. The figure given for the Tilling Group is 1·01d. per passenger mile. And the London Transport figure was quoted as 1·38d. per passenger mile; that is nearly 25 per cent. more. We feel that we are more a provincial than a London area.

3383. One of the main reasons for the discrepancy, a reason which is always given for the difference between London Transport and provincial fares, is the traffic congestion in the London Area. Do the residents in the Thurrock area feel that is a matter which concerns them?—No. We feel that we are paying full London fares although in Thurrock generally the traffic congestion is similar to provincial congestion conditions.

Cross-examined by Mr. HAROLD WILLIS.

3384. Mr. Irons, I have very few questions to ask you. Of course, you live just on the boundary?—We do, and we have been transferred.

3385. Like people on a boundary, you sometimes prefer to be on one side and sometimes you prefer to be on the other?—I think we should prefer to be on the other side.

3386. But you have to draw a line somewhere, have you not?—Yes.

3387. You referred to the fact that many of the people in Thurrock lived at Averyley.—There is a large London County Council estate which has been developed in Averyley.

3388. You said, Mr. Irons, not quite by way of criticism, but you commented upon the fact that they were away from a railway.—Yes.

3389. It is the London County Council who decided to put the housing estate there and to send their people where there was not a railway.—I should say there is probably a development scheme envisaged eventually.

3390. We were not responsible for the houses being put there, Mr. Irons.—No, you were not.

3391. And they are served by buses?—Yes.

3392. So far as the other parts of your evidence are concerned, you have referred to the increases in fares since 1948.—1949, Sir.

3393. 1948 in one case and 1949 in the other.—I have extracted them actually from the 1949 time-tables.

3394. You know, of course, that prices have gone up a great deal since 1949; fares are not the only things that have gone up, are they?—It is a matter of extent, is it not, Sir?

3395. Then you have referred to the co-ordination resulting from the recent arrangements, have you not?—Yes, a co-ordination peculiar to our area.

3396. And you said that by and large the co-ordination has not improved things.—I did.

3397. I suppose some people have benefited and other people have suffered?—As regards the old routes operated by Eastern National, I should say practically everybody has suffered.

3398. And so far as other routes are concerned people have benefited?—There have been increased services outside the old Eastern National service.

3399. You told us in evidence that quite a number of people from Thurrock use the facilities between there and London.—Yes, that is true.

3400. So you are not provincial in a complete sense out there?—Our fares are higher than those of people living nearer to London.

3401. You are not a self-contained community which does not go afield?—No, we are not.

(Mr. Elton): I have no further questions to put to Mr. Irons.

(The Witness withdrew.)

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[Continued]

(Mr. Elton): That concludes my case as far as the evidence is concerned. If I might occupy your time for a very short while, there are just a few matters which I represent wish me to urge before you, although, of course, you have the Objections which have been lodged on their behalf and by and large the points they make have, I understand, been covered most admirably by the London County Council.

I do not propose, in those circumstances, to weary you by making any repetition of those points. But if I may, I will refer you to the variations which the Local Authorities whom I represent suggest should be made to the Order.

(President): Yes, I was just looking at them. Whom do you represent?

(Mr. Elton): I represent the Barking Borough Council, the Dagenham Borough Council, the Romford Borough Council, the Thurrock Urban District Council and the South Essex Traffic Advisory Committee.

(President): Are all the Objections in the same form?

(Mr. Elton): They are virtually all in the same form. The one at which I am looking is that lodged on behalf of the Dagenham Borough Council. I will not trouble you with the Objections on the first page, but I would ask you to turn the page and look at the suggested variation.

(President): Yes.

(Mr. Elton): I am particularly asked to draw your attention to paragraph 2, sub-paragraph (1) and paragraphs 3 and 4. As far as 2 (1) is concerned, the people in the area I represent will be grievously affected if the existing early morning, season and shift workers' fares are increased. Quite formally, I ask you to take note of that Objection on behalf of the Authorities I represent.

As far as paragraph 3 is concerned, we are particularly concerned that the practice of issuing tickets the night before for early morning travel at early morning fares should be continued. The case in point which has grievously affected early morning workers in the Barking area is the ceasing of this facility at Barking Station. We were informed by a letter from the District Passenger Superintendent of the Railway Executive Eastern Region in February 1953, just before they closed the facility at Barking Station which enabled workers coming home at night to buy their tickets for the next morning as they went from the station instead of having to queue the next morning, that something like 1,500 people a day were availing themselves of that facility in Barking alone.

The reason which was given for terminating this facility was stated in a letter of the 9th March, 1953, to be because "the volume of the traffic in the morning making it impossible to provide an effective check at the destinations, London Transport have to provide control at the issuing stations; and they do not issue tickets overnight because experience has shown there is no effective way of preventing misuse".

That was a facility at Barking Station which, as I have said, greatly assisted the travelling arrangements of 1,500 workpeople a day. The result is that something like 1,500 people a day have to queue in the early morning when they are rushing for their trains to buy their tickets, whereas in the old days, whatever time they came home in the evening, as they left the Station they could buy themselves a ticket for the next morning. That is a facility which the Authorities whom I represent are most anxious to see preserved.

The final point I am asked to make is the point that is before you in paragraph 4; that is, that we should raise the half fare age from 14 to 15.

I do not propose to say any more, because I am told by Mr. Collard that the points he would otherwise have made have been most admirably covered already before you. It strikes me, in those circumstances, that it would be quite unnecessary to occupy the time of the Tribunal at any greater length. I am obliged to you, Sir, for allowing me to make my observations at this time.

(President): I expect you would like to adopt in advance the address Mr. Lawrence will make?

(Mr. Elton): It is something of a risk, Sir, but I will be glad to take that course.

(Mr. Rippon): I do not propose to call any evidence. May I have your guidance, Sir, as to whether you are going to recall any of the Commission's witnesses? If that will be the case, I will be glad if I could make my observations to you after that.

(President): We will give you an answer to that, Mr. Rippon, at 2 o'clock.

(Adjourned for a short time.)

(President): Mr. Willis, we do not desire to recall any of the Commission's witnesses.

(Mr. Harold Willis): If you please, Sir.

(President): Mr. Rippon, I believe you are the first to address us.

(Mr. Rippon): May it please you, Sir; I speak on behalf of seven Local Authorities in South-West Essex, West Ham Borough Council, East Ham Borough Council, Ilford Borough Council, Leyton Borough Council, Wanstead and Woodford Borough Council, Walthamstow Borough Council, and the Urban District Council of Chigwell, representing in all a population of some 800,000.

This, as you will know, Sir, is the first occasion on which all these Local Authorities, except West Ham and East Ham, have had an opportunity of making representations as of right under the provisions of Section 20, subsection (5) of the Transport Act, 1953; but they are, however, all constituent members of the South-West Essex Traffic Advisory Committee, on whose behalf, as you know, statements have been made at previous Inquiries. The only Local Authority represented on the South-West Essex Traffic Advisory Committee which was not given a *locus standi* by the provisions of the 1953 Act is the Urban District of Waltham Holy Cross, and in those circumstances it was decided that the South-West Essex Traffic Advisory Committee should not, as they have hitherto, make formal representations on this occasion; but I am instructed that they would have wished to do so had it been known that no Objection had in fact been taken to their *locus standi*. If they are not here in name, they are here in spirit.

We appear here because we conceive it to be our duty as public authorities representing persons making use of the services and facilities to which the Scheme relates, to safeguard, if I may put it that way, the interests of our local residents, and because it appears to us that Parliament has in a sense, by making special provision for us to be heard at these Inquiries, cast that burden upon us. It seems to us that sometimes the British Transport Commission appear to take the view that the mere fact that we make representations of our point of view and endeavour, so far as we are able, to test certain figures which are put forward by the Commission in respect of the Scheme means, in Sir Reginald Wilson's own words, that we are putting the Transport Commission in bad odour with their customers. We would like to take this opportunity to assure the Transport Commission that we are at least as anxious as they are that they should retain—or perhaps regain so far as it has been lost—the goodwill of the public. We are not here, as I have said often on other occasions, as parties to an action, but first and foremost to make our representations, and as I have said, so far as we are able, to test the merits of the Commission's case, and finally to make what contributions we can from our own experience and knowledge, to the matters which are now before the Tribunal.

It is in that spirit that we seek to help the Tribunal to find the answers to the three questions which were put by Mr. Willis in opening: first of all: Are the estimates right? Secondly, if the estimates are right, do you accept that London has to pay its way? Thirdly, if you accept that, is there any alternative to the proposals which are put forward by the Commission?

I would ask you first of all, Sir, to consider the question: Are the estimates right? We have to look, of course, both at working expenses and at receipts, and if I may say a word about working expenses, we accept the figure given in BTC 704 of £1.9m. as representing the net increase in working expenses since the Inquiry into the 1953 Scheme, as being mathematically correct; but we do feel that that, of course, leaves unresolved the crucial question of whether or not that increase in working

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expenses has or has not taken place over too high a level.

We are not a municipal transport undertaking, and we appreciate that we can only tackle the question in a broad general way on the basis of such information as may be made available to us by the Commission. I am instructed to say that the information which we find most useful is in fact contained in the Statement of Account and Statistics which are attached to the Annual Report. The reason for that is, I think, that the figures which are there presented for expenses are in a form which is very familiar indeed to Local Authorities, who of course are accustomed to consider and test their annual estimates against the last actual figures available. Not only are they more familiar to Local Authorities, but they do, we feel, provide us with the simplest basis on which the Commission's figures can be tested against our own experience.

The example I gave in the course of my cross-examination was the point that if the London Transport Executive's expenditure on tyres, under the heading of vehicle operating costs, has for any reason tended to go up or down, and ours had gone in the reverse direction, we would then be in a position to ask why that should be so. We cannot, of course, apply such experience as we have of the trend in costs on the basis of vehicle or mileage budgets, and in any event we are not concerned, of course, to probe unduly deeply, even if we had the necessary knowledge, experience and time to do so, into the domestic budget of the London Transport Executive; but if we see, as we do see comparing BTC 705 at this Inquiry with BTC 504 at the last Inquiry, that the total expenses for "Y" year as against 1953 are in both cases £68.2m., we had the opportunity to look inside that figure in those two tables and see the difference between the estimate and the actual for vehicle operating costs, which is a difference of £29.8m. as against the original estimate of £29.2m., we are then in a position to enquire what is the reason for that particular divergence between the estimated expenditure and the actual expenditure. We know that the total is the same, but as I have indicated, there may be all sorts of variations inside the figures for which we should seek some explanation; if we had it in detail under headings, we could test it against our own experience of rising costs.

It is not that we want to put fishing interrogatories in order to make a case against the London Transport Executive; what we seek is really to make a test on the broad basis of reasonableness, and that is why I indicated in cross-examination that we desired to have the 1953 figures for working expenses, particularly, of course, of the London Transport Executive, and the 1954 estimates in the form in which they are set out in the Annual Report.

We have, of course, no complaints whatever against the British Transport Commission; they have supplied us with all the information which they felt they could give us in the light of the fact that these estimates are now before Parliament, and their view has been upheld by the Tribunal.

I would like to say, Sir, in connection with the help that we have received from the Commission that I am instructed to repeat the apology for the suggestion which I made inadvertently that a document had been supplied to the London County Council which had not been supplied to us. It was in fact, by the great courtesy of the Commission, sent round direct to my Chambers at the earliest possible moment. I thank them for that consideration, and I apologise for my doubly unfortunate suggestion.

I only mention this matter again in order really to indicate the difficulties that, as Local Authorities, we are in, in preparing for this Inquiry at a time when this information is not available to us. I can only hope that on a future occasion this difficulty such as it is, will not arise in such an acute form, because of the timing of the Inquiry; but I am sure the Tribunal and the Commission will appreciate that Local Authorities by their very nature have considerable difficulty in making their preparations for this Inquiry and in deciding on the line that they ought properly to take in the interests of their ratepayers. There are great difficulties in holding committee meetings and in putting matters before the full Council, in order to determine the line to be adopted, and that is why you often find some discrepancy between the form in which the original Objection is put and the case as it develops, on the part of the Local Authorities. We do try to gather all the information we can about the Commission's case in order

to modify our point of view, so far as it is wrong, and to adjust our attitude to the Scheme in the light of the evidence presented here; but we are in great difficulty in the initial stages, when the Scheme is first laid before you, because we have to put in an Objection before we have had an opportunity of either studying the Commission's documents or putting the matter fully before all the members of our various Councils.

We have, of course, in the Transport Statistics, up-to-date figures for staff, broken down under the main headings, and I have tried to put in cross-examination some of the views we have about the numbers of supervisory staff employed and the ratio of operating and maintenance staff per vehicle. Those figures do, of course, give us a great proportion of the budget in relation to working expenses, because as Sir Reginald Wilson said, wages represent about 60 per cent. to 70 per cent. of working expenses. I should emphasise that we express no final view on these matters of staff; but it must be noted that none of the Commission's witnesses, so far as I am aware, could supply any evidence that the ratios are exceeded, or even approached, anywhere else in the country.

On the Seventh Day, at page 149, in answer to Question 2231, when I asked Sir Reginald: "Can you name any undertaking in the Provinces which has as high a ratio of supervisors to bus crews as we have in London?", he replied: "If any of the Bus Companies with which I am connected—and I am a Director (or was) of about 17—had a ratio as high as we have in London, there would be trouble".

(Mr. Harold Willis): What he was pointing out there is quite clear.

(Mr. Rippon): There is the answer as it stands; I do not know what the nature of the trouble was in which he would find himself outside London, but which he would not find himself in, inside London.

(Mr. Harold Willis): The conditions are quite different.

(Mr. Rippon): He did go on to make the point that the high ratio of operating and maintenance staff in London to a vehicle can be partly accounted for by the fact that the London Transport Executive do so much of their own maintenance; that is in answer to Question 2232. Then, a little later on, it was put to Mr. Lambert that in supervisory staff there is included a figure of 500 for depot staff; but we never succeeded in ascertaining who the gentlemen are who should come under the heading "Others".

There was a further point made by Mr. James that much may depend on the number of hours run by each bus, and we had some figures put by Mr. Willis to Mr. Lambert on that matter, that may partly account for this apparent discrepancy. It is that sort of information that we are seeking to get from the Commission in order to clarify our minds on these points and to test really whether these figures are reasonable or not in all the circumstances. Of course, the question of whether the maintenance is or is not done by a particular undertaking does not affect the costs per vehicle mile, as is shown in the Public Road Passenger Transport Statistics for 1951 and 1952, both volumes of which, I understand, are now in your possession, Sir.

(President): Yes, they are.

(Mr. Rippon): If I may, Sir, I would like at this stage to correct a figure in answer to Question 1621, on Day 5, at page 112. You said: "All operators and, in the second section, London Transport Executive working expenses". Mr. James, who was, I think, the only person with a copy of the 1952 figures, said: "This table says 'London Transport 27.14d.; all operators 22.73d.'". Then I went on: "Yes, I think those are the comparable figures. The London Transport Executive 1951, 24.87; other operators 20.25. In 1952, London Transport Executive 27.14; other operators 22.73". That figure of 22.73 should be 21.88; it is entirely my fault for misunderstanding what Mr. James said. He referred to "all operators" as an average figure, and in my question I was referring to "other operators". Of course, the London Transport Executive brings the average up.

We got into some difficulty as a result of using two different sets of tables on the subject of the period to which they in fact refer. I think we got it clearly in answer to Question 1638, when Mr. James said: "I think the document that was published for the year 1951 will

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probably include the 1951 London Transport figures and the 1951-52 municipal figures, if the basis is the same as the next year". Of course, that is a basis which is to some extent weighted in favour of the London Transport Executive, because they are a matter of some months behind the figures for the rest of the country. We feel that this question of the level of working expenses had become relevant because of the reliance placed by the Commission—it was referred to by Mr. Willis in opening and by Mr. Valentine in his evidence-in-chief—upon the fact that costs in London have risen by 140 per cent., whereas fares have risen at the present time by only 78 per cent. above the pre-war level, and will be only 94 per cent. above the pre-war level if the Scheme which is now before the Tribunal is approved.

In that connection, Sir, you will remember that Sir Reginald Wilson, the Director of the 17 Bus Companies, could not name a transport undertaking in the rest of the country which had increased its fares by 94 per cent. over pre-war; in fact he said: "I should be very surprised if there were any over 78 per cent."—that was in answer to Question 2252.

Mr. Valentine did refer to the one example of Glasgow, where he said he understood that the fares were 84 per cent. above pre-war level. As Sir Reginald reminded us, in Glasgow before the war, there was this halfpenny fare, and fares were, we understand, exceptionally cheap.

One has to set those facts as they are, side by side with the knowledge that we now have that the Birmingham & Midland Motor Omnibus Company's fares are only 28 per cent. above the pre-war level; the Company with which Mr. Lambert was associated has fares only 24 per cent. above the pre-war level, and that far from having gone into liquidation, as far as we know they are showing some profit.

Then, looking at the matter from the other aspect of working expenses per vehicle mile, taking the total figure of working expenses and dividing it by the number of fleet, as we had at the last inquiry, it would appear that it costs the Northern General Transport Co. £3,200 a year to run a bus, as against £4,870 a year for London Transport. It appears to us that there is some evidence that the undertakings outside London are showing a more favourable relation between costs and fares than inside London. There is some evidence of that from what we were told by the witnesses, and also from the fact that there is nowhere, so far as we can tell, outside London where you have these 2d., 3d., 4d. and 6d. fares with one, two and three mile stages; neither Mr. Valentine nor Sir Reginald Wilson could name any undertaking with fares at such a high level. Indeed, they said so in terms; Mr. Valentine on page 85, in answer to Question 1336, and Sir Reginald Wilson on page 151, in answer to Question 2256.

No one would suppose that charges assessed in 1938 could be maintained in 1954, but we do feel, at any rate, that there is *prima facie* evidence which perhaps could be, but has not been fully, rebutted, that the London Transport Executive has failed to absorb into its own administrative economy a sufficiently high proportion of increased working expenses, bearing in mind the favourable factors set out in paragraph 53 of the British Transport Commission Report for 1951, which I do not think I need read again, but which was referred to in my cross-examination of Mr. Valentine on Day 4, page 85, at Question 1326.

That they have not in fact absorbed such a high proportion as has been achieved by other transport undertakings, we express no final views about this; it would be very dangerous for us to do so—to make some dogmatic assertion that costs in London are completely out of line with those in the rest of the country, taking all the various factors (and there are many) into consideration; but we do feel that such information and statistics as are available, or as have been brought out in the course of this Inquiry, lend at any rate a measure of support to the representation which all those whom I represent have made that this Scheme should not have been brought forward until after the Chambers Committee has reported. On the other hand, we are fully conscious of the view expressed by the Tribunal in the Memorandum of last year, on page 3, paragraph 4, that if the services are not, as matters now stand, paying their way, it is urgently necessary that they should forthwith be able to

do so. One has, of course, to bear in mind the accumulation of the deficit which would accrue at the rate of £40,000 a day if this Scheme were to be postponed for any length of time; but we think that in view of such evidence as we have about working expenses and the knowledge that we have, this may well be one of the matters considered by the Chambers Committee, namely, that this question of London paying its way should be interpreted particularly strictly on this occasion, and I think that is borne out by the questions put to Mr. Hill this morning and the answers which he gave on the subject of headroom.

I turn now to the question of whether or not we can accept, and to what extent we can accept, the estimates of receipts.

(President): Mr. Rippon, we did draw your attention, I think, to the change effected by the 1953 Act, which limited us to the fixing of maximum charges which, as I suggested, and as I think, implies that the intention is that questions of management should be left to the Commission. Our duty is to fix figures within which, by prudent management, they can manage to live.

(Mr. Rippon): Would that mean that what you are in fact saying, for the purpose of future Inquiries at any rate, is that we must accept whatever figure for working expenses the Commission may care to put before us?

(President): No, I do not suggest that at all, but it is, at any rate, a possible view that although in fact we know the Transport Commission propose to charge the maxima, the proper course for this Tribunal, if it is satisfied that those maxima would produce no more than the minimum amount required, is that we could fix charges higher than those.

(Mr. Rippon): The difficulty is in assessing the minimum amount required, unless you have regard to working expenses as well as to estimated receipts. I do appreciate that there is obviously a limit to the amount of discussion that one could have on the subject of these working expenses in the way in which the organisation is conducted, and if you remember, we had more or less reached that conclusion at the last Inquiry. We have only gone into it on this occasion really to substantiate our point of view that regard should be had to the fact that the Committee of Inquiry has been set up.

(President): Yes, I see.

(Mr. Rippon): With reference to the question of receipts and with reference to the figure of £1.7m., which is in BTC 704, item 5—

(President): That is on page 40 in the print.

(Mr. Rippon): Thank you, Sir. With reference to that figure, which refers to the lower level of passenger traffic assumed, as compared with the "Y" year estimates, I think it has become clear that the issue here is whether, or to what extent, this is due to resistance to the higher fares, or to a basic declining trend in traffic.

I do not want to review in any great detail the evidence on that particular point, because I think it will undoubtedly be dealt with more fully by Mr. Lawrence in the light of the statistics and the expert evidence put in by Mr. Hill, but it was a matter which we have disputed from the outset, not on the basis of a detailed knowledge of statistics perhaps, or a detailed review of the statistics, but in the light of our own experience as Local Authorities of the way in which our local residents tend to behave, and the attitude which they have adopted towards these matters.

Mr. Valentine did give some indication to me in answer to Question 1003 on Day 3, that this basic declining trend did not apply to outside London—at any rate, on British Railways. I do not want to misinterpret his answer, so perhaps I should read it in order to get it on the transcript.

(Mr. Harold Willis): It is the very last question on the Third Day.

(Mr. Rippon): Yes. The question is: "A declining trend that we do not find outside London?" and Mr. Valentine answered: "Not as far as British Railways is concerned taken over all, but you will find it extensively outside London in almost every urban passenger undertaking and in many categories of British Railways traffic as well".

That may or may not be so; we have no further evidence on that point in detail. What we do know from

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the figures of the estimated receipts for British Railways outside London is that traffic is not being lost there, although, of course, television can be found over a fairly wide area of the country.

Moreover, Mr. Valentine was prepared to concede that the figures which we have for London Lines did not indicate a declining trend, so far as he could see; that was at Question 1086 on the Fourth Day: "So you are still saying, Mr. Valentine, looking at BTC 810, Appendix A, that the increased traffic on the ordinary full fares which have been unaltered over a period longer than that between this Inquiry and the last, nevertheless shows a declining trend in travel? (A) No, I do not think it does. It is very stable really on London Lines".

In the light of what has been happening in other parts of the country, and in the light of such evidence as we have before us here, we have had from the beginning the feeling that this item of trend is really the factor which brings into balance any discrepancies between the "Z" year and the "Y" year estimates.

In answer to questions which I put to him on Day 4—I think it is at Question 1051, when I asked him: "Would it be fair to say, Mr. Valentine, that what you have done here in this table and all you have said in evidence is based on the assumption that, broadly speaking, your 'Y' year estimates were correct?" he answered "Yes". Then you, Sir, intervened to say: "I should have thought the inference from paragraph 5 was that broadly speaking the actual facts did not live up to the estimates?" and Mr. Valentine said: "That is so", and I think that is no more than the truth. Then at Question 1053 I say: "Put it this way, Mr. Valentine, is it your proposition not so much that your 'Y' year estimates were wrong, but that there has been this basic downward trend of traffic?", and the answer is: "That is what made them wrong".

Of course, we discussed afterwards the point that this was something which had begun to happen before the last fares increase came into effect; but it was a point, I think, which has become very clear, and it has been referred to. I put to Mr. Valentine what was said on the last occasion on the subject of stability of traffic, that there was no indication in 1953 of this declining trend, and Mr. Valentine and the Commission in their documents emphasised and relied upon the question of stability. In any event, in relation to the Inquiry before last, the increase in fares was not, I think, in operation over a sufficiently long period in our view for the traffic to stabilise. As I said, no useful purpose would be reached by my pursuing this point at any great length: suffice it to say that I adopt the submission made by the London County Council on this point, and in particular with regard to the extent to which the Tribunal should accept the figure of £0·667m. for declining trends. That is much more the issue between us than any academic discussion about passenger resistance and declining trends of traffic, so far as television and cars are concerned.

Looking at BTC 704 and accepting as we must for the time being the figure of £70·1m. for working expenses, in our submission the worsening of the financial position compared with "Y" year would be as follows: We can accept, as I have said, the figure of £1·9m. for working expenses; we would suggest, as far as the figure of £1·7m. on line 5 is concerned, that that should be reduced by the figure of £0·667m. for the declining trend, or by the greater amount which Mr. Hill has suggested in his evidence—by the larger figure of £0·681m. suggested for "Z" year and £0·282m. for augmentation.

(President): I do not suppose you mind whether it was augmentation or not, but the additional figure was not in fact in respect of augmentation; it was in respect of an under-estimate of the amount to be taken into account as being properly brought into the 1954 estimates for the August increases—but I do not suppose you mind how it is arrived at?

(Mr. Rippon): No, Sir; we accept the figure.

(President): Less the £0·949m., which is Mr. Hill's figure.

(Mr. Rippon): Yes, Sir. We also submit that that figure should be further reduced by the £0·6m. headroom referred to in the Memorandum of last year at paragraph 32, because of course that headroom has still to

be taken into account when one is looking simply at the worsening of the financial position. For the rest, we do not wish to make any strong point about the other items.

Then we come to the second Question—

(President): Before you go on to that, Mr. Rippon, I think the headroom item, when one thinks a bit about it, is irrelevant. How the 1954 "Z" year estimates are built up is to take the 1953 actuals and apply pluses and minuses. A quarrel with the 1954 and "Z" year figure must therefore be either on the 1953 actuals, in which case of course headroom disappears, or on one or other of the four pluses and minuses.

(Mr. Rippon): Yes, Sir; I think I follow the point you are making. It is the difficulty of looking at BTC 404 and BTC 704 as a reconciliation.

Then we come to the second question: If the estimates are right to the extent that the Tribunal think they are right, do you accept that London must pay its way?

The answer to that question, so far as those whom I represent are concerned, is: Yes, we do, on the same basis as was agreed last time. I asked Mr. Lawrence to deal with that issue of working expenses on London Lines and the way in which they should be calculated. Whatever final decision is made, if it results in a short-fall on existing charges on London Lines, then that estimated short-fall on London Lines should not be set against the £1m. headroom shown on BTC 702. That really relates to the point I was making earlier, that this Scheme should be construed strictly, and the Commission should on this occasion be given no more than is strictly necessary to enable them to pay their way, once the Tribunal has determined what in their view represents the true position as regards the worsening in their financial position.

I did put some questions in cross-examination on this point, perhaps going a little too far towards the suggestion that it was not necessary to make any calculations for London Lines at all.

(President): I wish that were true, Mr. Rippon.

(Mr. Rippon): I do not think it is necessary for me to pursue that argument; some calculations, whichever are suggested, have been made and are undoubtedly valuable. Of course, as has been said, they are the most speculative part of the figures before us, and a 5 per cent. error either way would affect the position considerably.

(President): It would be a very attractive argument to me if you could pursue that successfully—that we need not bother about London lines figures.

(Mr. Rippon): Those whom I represent do not bother about them, anyway, Sir! But we have, of course, been in the happy position of being able to adopt somebody else's argument on the point.

I do not think I need go further than to ask for regard to be had to the policy expressed by Sir Reginald Wilson at the last Inquiry, which was re-stated, I think, on Day 7, in answer to questions put to him by Mr. Poole. It is on page 152, Question 2276; Mr. Poole said: "Sir Reginald, did you not say at our last Inquiry—I cannot find it for the moment—in your evidence that the real purpose of getting out these accounts from your point of view for London lines is to make quite sure that with assimilation they were not violently too great or violently too low?—(A.) That is so". Then, a little further down, Mr. Willis says: "The reference for which Mr. Poole was looking is page 40, Question 136 of the last time's proceedings. (Mr. Poole): Yes, that is right, the last sentence. "In other words providing the London lines do not show unconscionable profits or absurd losses as a result of using the same fare level for London Transport, I think the position is really satisfactory and proper.""

As a test for saying how far that may be true, of course, some calculation of working expenses has to be made, but having made that calculation for the purpose of testing the effect of the assimilation of fares, it would not be right to take whatever figure you get, be it a plus or a minus, for the short-fall of profit on London lines, and set it against a figure for London Transport.

Of course, as I have said, we say that so far as the £1m. head-room on the London Transport services are concerned, as set out in BTC 702, that should not be

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granted, because, in Sir Reginald Wilson's own words, this is only to be treated as a stop-gap Scheme; and, secondly, because the Chambers Committee are considering this question of London Transport efficiency. In his opening, Mr. Willis went so far as to say that this was in effect *sub judice*; so far as that may be so, we ask you to treat this very much as a stop-gap Scheme in the sense of considering strictly the test of whether or not London is paying its way.

The third question posed by Mr. Willis is: "If you accept the estimates, is there any alternative to the proposals put forward by the British Transport Commission?" The answer to that question really depends on the amount, if any, which the Tribunal finds necessary to be raised by higher fares for London. Whatever figure the Tribunal may determine upon, we would ask particularly that help should be given to the short-distance traffic at the ordinary fare level, because that is where, in our view, the traffic is more vulnerable.

We are particularly concerned, as I think I tried to indicate throughout, with the consequences of passenger resistance and the loss of traffic at the lower fare levels. We know that over a period of about three years there has been a fall of about 350,000,000 passenger journeys a year at the ordinary fare levels. That, of course, is a very high figure; it may be that, as Mr. Valentine has put it, as a percentage of the total traffic it is not quite so alarming as it might at first appear; but still it does represent a fall of about 1,000,000 passenger journeys a day. Assuming that they are going both ways, it means that 500,000 people are not travelling today who were travelling in 1951. I think at one stage, at one inquiry, we reached some assessment of the number of people to be found in the London Transport Area, which is different from some of the other "Londons" with which we are accustomed to deal for various purposes. I think the population of the area is something like 10,000,000, and 500,000 is quite a high percentage of that figure.

Apart from that general question, we have been concerned in particular about the effect of increasing the 3d. to 3½d. You may recall that on the last occasion we did dispute the discounts that were made. You may remember that Mr. Valentine on the Twelfth Day, at page 229, Question 3686, was asked: "Can you explain why you have estimated 5 per cent. there, whereas in BTC 218 (a), Appendix C, you estimated the increase at 10 per cent.?"—this was in relation to raising the fare from 3d. to 3½d. The answer was: "The main difference is that the 3d. fare has now become the cheapest fare in the scale, and its increase at this stage to 3½d. is, in our opinion, not likely to produce anything like the amount of resistance or attempt to avoid the full payment as it would if done 18 months ago". We considered that answer, and I said in my final speech on the Twenty-Second Day, at page 456, about half-way down column 2: "In our submission it may well be that the Commission have allowed for too low a discount, 5 per cent., and that the figure which was indicated at the last Inquiry, 10 per cent., may prove more accurate; though, of course, we cannot do anything more than say that is our feeling about it".

That is an indication of the position in which the Local Authorities are in these matters; we cannot come here and say with any degree of precision: This or that estimate is wrong; we cannot challenge the great experience of the London Transport Executive witnesses, Mr. Valentine, Sir Reginald Wilson, Mr. James and others, on these questions of detailed estimates. But we can say that as we as Local Authorities are sufficiently in touch with our ratepayers to have some general idea of the way in which they react to these matters. It may be of some assistance to the Tribunal; it may in the long run be of more assistance to the Tribunal than all the statistics that we have considered at these Inquiries.

At any rate, events have to some extent justified our view. At Day 4, page 71, Question 1007, Mr. Valentine indicates in a very full and fair answer the effect on passenger journeys of raising the 3d. fare to 3½d. He says: "That adjusted figure of 829 million is properly comparable with the 'Z' year figure of 759 million, and shows a decrease in two-mile ordinary traffic of 70 million passenger journeys or approximately 84 per cent.". That figure of 70 million adjusted for early mornings is comparable, I think, to the figures I was referring to on the

day previously to the whole of the ordinary traffic, where we found a loss of traffic, after making an adjustment for early mornings of 90 million as a result of the last Scheme. Mr. Valentine's figure shows how much of that is in fact reflected in the figures for Central buses increasing the fare from 3d. to 3½d.

On the next page, the final sentence, in answer to the question, Mr. Valentine conceded, "Moreover, from the receipts point of view it is a little more disappointing than that".

(President): What question is it?

(Mr. Rippon): Question 1008. Just how disappointing it is is indicated by Mr. Valentine at page 73, the first column near the bottom of the page. It was after we had made our reconciliations for the receipts figures in the light of the change in the early mornings. Mr. Valentine says: "That makes the total of £11,838,000 which can fairly be compared with the 'Z' year estimate in BTC 803 of 3½d. traffic, £11,071,000, and shows a decline in 'Z' year compared with 'Y' year of £767,000, to take it one step further". Of course, as you will remember, Sir, the discounted yield on Central Road Services as a result of increasing this fare was put at something in the order of £1,470,000. In looking at those figures, we accept that the under-estimate of passenger resistance may be reflected not only in the fall in receipts at the two-mile stage, but may be compensated for, to some extent, by the drop-back to 2d. That is why, in Question 1042, I was indicating a possible approach to the matter by adding up the totals in BTC 503 and BTC 803 of the receipts from the fares of 1d. to 3d. If you do that, there is the net result of £100,000 set off against the £1½m. which was expected from raising the fare from 3d. to 3½d. You have then, of course, to make the same adjustment as we have made in respect of the other calculations for the early morning fare.

(President): There is a mistake in the transcript in that Question. Are you reading from a note or the print?

(Mr. Rippon): Yes, I am sorry; it should be £28m. One then has to make an adjustment in the early morning traffic transferred, and it is seen in BTC 510, Appendix C, that it was anticipated that that would result in receipts of the order of £1m. That gives a real difference between the figures in BTC 503 and BTC 803, as between the totals from 1d. to 3½d. of something in the order of £1,100,000—that is putting it at its maximum—assuming there was no loss in revenue or receipts on early morning travel. A further adjustment then has to be made for the fact that as a result of raising the child's 1½d. fare to 2d., a further yield of £200,000 is expected. So the broad picture is that the Commission have £1,100,000 as against the anticipated £2,000,000. I have no doubt, Sir, that Mr. Hill's tables and statistics put that in a more scientific form, but I think a pretty fair test to apply in seeing what has happened is to take the totals from 1½d. to 3½d., add them up and see what has happened, making all the allowances for drop backs to 2d. and increasing children's fare. In fact what you find is £1,100,000 increased revenue of the anticipated £2m. In our view that is evidence of the vulnerability of this short distance traffic, the trend in events which we have, if I may say so, anticipated from the outset.

One further point in Mr. Valentine's evidence to which I wish to draw attention is in his answer to Questions 977 and 978. I say: "... how much do you think it is in fact going to yield in a full year of operation—the increase from 3d. to 3½d.—(A) I have not made a fresh, separate calculation for that". Then Question 978: "Do you still think it is the same?—(A) No, I do not know. As I say, I would not worry myself very much about upwards and downwards fluctuations at particular fare levels as compared with the estimate". Well, Sir, we do not assent to that view. We think rather that the Commission should be deeply concerned with what is happening to this traffic at the different fare levels, particularly with the loss of traffic on these short distance journeys and, in particular relation to this Scheme, the possibly disastrous effects of introducing a fare scale of 2d., 4d. and 6d. for the 1, 2, and 3 miles, a scale which, as we know, is apparently not in operation anywhere else in the country.

We feel that the discounts in BTC 810B and C are much more realistic, but that they may still tend to be too optimistic. Of course, Sir, it is in fairness a point in the Commission's favour that they do not tend to overestimate the loss of traffic from the point of view of

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proving their case here. You may also regard it as something in our favour that we have never suggested at any of the recent Inquiries that these increases would in fact provide the Commission with more than they need. If we had been taking simply a short sighted view with the idea of keeping the fares down a little for a short time, if we had been taking that point of view, you may well think we might have been inclined to suggest that the Commission were going to obtain more as a result of these fare increases than they were in fact estimating. We have never taken that view. We have always said—and we are still saying now—that the Commission have never appreciated the passenger resistance which would be aroused by these increases on short distance travel. Of course we are concerned about that, because we appreciate that if there is this loss of optional traffic at the ordinary fare level which results in a deterioration in the Commission's financial position, ultimately that is bound to be reflected in the fares of the people who have to travel to work in London and who have no alternative but to meet whatever demand the Commission may put upon them.

We are also saying now that we are particularly concerned about the vulnerability of this short distance traffic; we are not here and now putting forward any alternative fares structure. It all depends necessarily on the amount of additional revenue which the Tribunal finds to be necessary. Of course we appreciate you cannot simply say that 3½d. must not go up to 4d. without making all sorts of consequential amendments at other stages in the fares scale; that is a complicated matter. Quite apart from the question of whether or not you may decide to recall objects to give any assistance on that point once the matter has been decided, we do not think any useful purpose would be served by our putting forward any alternative fares structure at this stage.

There is one other matter which I raised in cross-examination in relation to the sub-standard fares when I was saying that from our point of view, if things came to the worst, what we would rather see is an increase—subject presumably to some limitation—in sub-standards rather than an increase in ordinary fares at short distance. I appreciate the position here again has changed somewhat since the last Inquiry in the light of the provisions of Section 20, subsection 22, of the 1953 Act. It would, presumably be no part of the Tribunal's duty now to tell the Commission what fare they ought to impose up to the maximum; that is something which is left within their discretion. On the other hand, we do feel that it would be proper for the Tribunal to have regard to the fact that this headroom exists.

If I remember rightly, we were told at the last Inquiry when I raised the matter before, at Day 23, page 450, that the effect of raising the sub-standard at that time would be to increase the revenues of the Commission by an estimated £1.2m. while the sub-standards were subject to the 40 per cent. limitation to May 1952, and £1.5m. thereafter. This time Mr. Valentine has given the figure of £1.5m. I am not quite clear on this, but it may be that that £1.5m. in fact corresponds to the £1.2m. with the 40 per cent. limitation.

We do appreciate, of course, that the London Transport Executive would be bound to bear in mind what Sir Reginald Wilson had to say about the resistance there would be to any general increase in the sub-standards. Indeed, we are fully conscious of that point ourselves. We would not want to come here to suggest that the sub-standards should be immediately raised to the highest level possible, but we think because of this difficulty, there may be—once you have fixed the figure which is necessary, or which you deem to be necessary—some difficulty in applying the headroom which then remains, or the balance which remains, into any particular fare category when it comes to the giving of relief.

We hope that in making those rather difficult adjustments, this question of the position in regard to the sub-standards might be borne in mind. But if the Commission is not going to do anything in that regard for any reason whatever, then we think we might be given a renewal of the undertaking in much the same terms which was given on the last occasion by the Commission. It is not something which can be imposed upon them or written into the Scheme; but we would be prepared to accept their assurances on that point, and, of course, to accept

any point they might have to make about future events which cannot now be foreseen. It would be in fact an undertaking in much the same terms as those in which it is referred to on page 19 of the Tribunal's Memorandum last time.

There is a final possibility that if the Tribunal's estimates of what the Transport Commission reasonably require by way of additional revenue is in fact considerably below that for which they are asking—and we hope it may well be—then we submit consideration arises as to whether or not any gain to revenue which might result from higher fares would not be offset by, first of all, a failure to allow traffic to stabilise; secondly, the further loss of traffic; and thirdly the further loss of goodwill. In other words, might in fact the Transport Commission not stand to gain more in the long run by a change of policy and a different approach? That is assuming the gap is not in fact too large.

We accept of course that there is some limitation from an immediate point of view to what could be achieved by concession fares and so forth; but we do not think, Sir, if you find in your decision that the gap is not a very large one, more might be gained by the London Transport Executive by making an effort to regain, or to retain, some of the traffic on the same lines as have apparently achieved good results in the provinces.

We feel, Sir, that it is the series of increases coming so soon one after the other which is perhaps so damaging. In fact, that is one of the reasons why we say in our Objection that it is too early really to assess the full effects of the last increase, because the traffic has been given no chance to stabilise itself.

I think at the last Inquiry you referred to the young member of the Bar who was walking from Charing Cross to the Temple. It may be, Sir, that now he is beginning to get tired of walking from Charing Cross to the Temple; his resistance is weakening, and he is just about to take the bus again when the fare goes up. That is a rough illustration of the sort of thing, I think, which tends to happen if these increases follow each other so swiftly. The opportunity is lost of regaining some of the traffic.

(President): That seems to be an argument for seizing a very high maxima so they can get their increases without coming to us.

(Mr. Rippon): I am sure that would be a most irresponsible line for the Tribunal to adopt. We were pressing for experiments in cheap off-peak fares. We laid our emphasis on the importance of experiments, accepting that it was no good introducing these fares unless there was a reasonable prospect of making an addition to the net revenue of the Executive. In that connection I am instructed to say how much we welcome the introduction of the cheap evening fares. We are told the reduction in the fare of 33 per cent. would necessitate the attraction of 50 per cent. additional traffic in order to break even.

Perhaps it is too soon yet to say what the final result will be, but at any rate they have induced 30 per cent. additional traffic, and to that extent they are beating television. If however they do not fulfil the high expectations and hopes which we—and I am sure the London Transport Executive—have of them, we accept that the policy may have to be modified. If that happens, we ask that the cheap evening fares should be discontinued as far as that is practicable where they are showing a poor result and be retained in any areas where they are in fact showing a profit and contributing to net revenue. It is a concession, Sir, which does not apply to every passenger in the London Area at present, and there is no reason why these concessions should in fact do so.

We have always emphasised, and we still do, that particular regard should be paid to demand in particular areas, which vary enormously. The traffic demands of East and West Ham are very different from those, say, in Surrey; it is natural that they should be. In different parts of the London Area there will be a greater demand for a particular concession and so a greater possibility of increasing net revenue than in others. We hope one day we may once again have the experiment of the dockers' mid-day fare. But apart from these experiments, which we welcome wherever they take place, we think it is no less important that new traffic should be attracted at standard fares as distinct from concessional fares.

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[Continued]

We welcome, for example, the heartening experience in relation to the cross-country services to which my learned friend Mr. Lawrence drew attention at some stage in his cross-examination. We welcome also the extension of the Sunday facilities which have taken place in some parts of London. These new facilities have in our view been appreciated by the public and we are sure that the public will regard, and is already regarding, this evidence on the part of the London Transport Executive that it is really doing its best to try and meet the requirements of different areas and by showing a willingness to experiment, and thus a determination to make efforts to increase net revenue without raising fares.

We feel, Sir, that the correct policy is and always has been that which is set out in the 1950 Report at the top of page 51. "The correct policy is to reduce fares in particular and carefully selected cases in order to stimulate profitable traffic, and to bear in mind the importance of the lowest practicable level of normal fares, and this the Commission intend to do".

There is only one final point that I desire to make and that is in relation to children's fares. That is referred to in part 6, paragraph 21b, of the Application which, it will be seen, still proposes that the age should be left at 14 years. We ask that that should be raised to 15 years. Mr. Valentine has given some indication of the cost of that alteration. I think it is in answer to Question 1183. You will probably remember he said the costs would, as far as one could quantify, be something between £150,000 and £250,000 a year. We do not know to what effect that might be offset by the extent to which it would encourage family travel. Of course that is not an exceptional fare; it is one which the Tribunal certainly have power to deal with under the Scheme. When you determine the amount of money which is reasonably required we would suggest there should be added to that the figure necessary in order to provide this concession. We are sure it would be welcome. We feel and always have felt that it is really right that this concession should be extended to children of 15 years who are not making any contribution to the family earnings. We know, of course, that, as Mr. Valentine pointed out, the concession is available as far as travel for educational purposes is concerned, but we still think it right that this should be extended to 15 years. Of course it is accepted that that will cost some amount of money. No doubt, if you accept the principle of what we are putting forward, a more detailed estimate of the cost, so far as it could be obtained, could be given by Mr. Valentine.

We feel that granting an extension of this exceptional fare would be widely appreciated and, assuming that we have to swallow some pill, would at the very first help to sweeten it.

For the rest, Sir, I adopt in advance Mr. Lawrence's speech so far as you may feel that—

(President): That it is in your favour? I thought I was rather unkind to Mr. Elton by asking him the question whether he adopted Mr. Lawrence's speech in advance. It was quite proper for him to say that he adopted anything which he accepted from Mr. Lawrence which would assist him. You are taking the same line? Or perhaps you will be more courageous than he and say you adopt the whole speech?

(Mr. Rippon): I will adopt any part of his speech which the Tribunal feel may be worthy of consideration.

Finally, on behalf of those I represent, I should like to thank the Commission's witnesses for their usual patience and helpfulness in answering questions, which are sometimes going a little off the rails, and also to thank the Tribunal for their customary consideration.

(Mr. Geoffrey Lawrence): That confidence added to me by reason of the backers I have on this occasion, may I now address myself as briefly as I can to the outstanding issues that I assume will be before you for consideration before you make up your minds what to do about this Scheme.

May I begin, Sir, on our side with a recognition of the fact that increased costs year after year must inevitably pose a difficulty before such an organisation as the Transport Commission. You will observe throughout the whole of the case I have presented that we have not attempted in any way to quarrel with the estimated amount of the additional burden which the Commission has to

bear by reason of these added costs. We recognise that, but at the same time we deplore the tendency which, if I may say so, is becoming more and more marked as these Inquiries proceed, of turning them into a merely mathematical exercise, starting from a position of added costs, and working out the result in terms of increased fares in the London Area, as if all that was necessary to be done was to check the mathematics of the equation.

If that was all there was to be considered at these Inquiries it would be a waste of time and public money for these Inquiries to be held as they are held. We, Sir, have objected on behalf of the many millions that live in the area of the London County Council because we do not regard these matters as being merely matters of mathematical calculation; because we do not regard them as merely consequential developments from basic positions declared by the Transport Commission; because we take the view that their demands, so far as London is concerned, are exaggerated and that in spite of their additional costs there are ways and means by which the burden could be alleviated and not be placed so heavily upon the travelling public of the London Area. If I may say so, it is a responsibly directed operation.

I was surprised, if I may say so, to find that the opening of my friend's cross-examination of Mr. Hill consisted of an attack through that means upon the Authority whom I represent. It is a pity, if I may say so, that one Public Authority should publicly attack another Authority at an Inquiry of this kind, and in that way. I am bound when I am attacked, appearing as I do for one of the biggest Local Authorities in the whole of the country to defend them from the charge of irresponsibility which was levelled at them in that way. The London County Council are exercising no more than their statutory rights in coming here to object to this Application for increased fares in their Area. It was alleged against them that they had acted irresponsibly in advance of the facts by publicly declaring, if they did declare—and the terms of any Press statement they issued have not been before you—that the Scheme was unfair to London.

I do not suppose this part of my address will assist you very much, if at all, towards the end of your deliberations, but again as this is a Public Inquiry and as the attitude of the Authority which I have the honour to represent has been attacked, I am bound, if you will allow me for a moment, to say that it depends of course what you mean by "unfair to London." But certain things have emerged from this Inquiry. It has emerged from my cross-examination of Sir Reginald Wilson that on the basis of the amended fares put forward by this Application, and the present position outside London, the London fare-paying passenger will be making a greater contribution to Central Charges and joint costs than the passenger outside London.

On one basis, what is sought of the London fare-paying passenger may be said to be his proper contribution. It may be said that it is no answer to that exaction to say that somebody else who avails himself of transport facilities offered by the Commission is not making an equivalent contribution, but if we are going to talk about fairness, or rather if my Authority is going to be attacked because it speaks about unfairness in those circumstances, then I am bound to point out that there is that discrepancy between the two types of passenger. It has further emerged that it is possible to travel on the cheap day facilities that have been offered to an almost unlimited extent within small radii outside London from pretty well all stations at pretty well all times of the day; it is possible to utilise those facilities and travel more cheaply than it is going to be possible to travel in London at the concession rate of early morning fares. Is that fair? Or can the London County Council be criticised for saying the Scheme is not fair to London? Another thing, Sir, that has emerged and has been admitted at this Inquiry, is that a principle which had been contended for in the past and maintained in the past by the Commission has been abandoned in respect of seasons and early morning fares. It is more expensive, or will be if this Scheme is approved in the London Area, to avail oneself of that type of facility than it will be outside.

It is quite impossible, Sir, in my submission, for the Transport Commission to bring forward proposals for

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[Continued]

public approval at this Inquiry which contain elements of difference like that, not to expect that an Authority which represents those whose pockets will be touched in that way will not react.

We are not, in my submission, to be charged with irresponsibility if we do.

Another matter, Sir, that surprised me when my learned friend began his cross-examination of Mr. Hill, was the suggestion that in even raising the subject of passenger resistance to increased fares the London County Council was acting in an undesirable or irresponsible manner.

(Mr. Harold Willis): I did not say that.

(Mr. Geoffrey Lawrence): Well, Mr. Willis, I would not of course for one moment put on you anything you did not say. It is Question 2510 "The London County Council are making a great deal at this Inquiry of passenger resistance?—(A.) Yes, of course. (Q.) Do you think that sort of attitude on behalf of London County Council will increase passenger resistance?—(A.) No, I do not think it will have any effect one way or the other. (Q.) Do you think it will bring out resentment in the public towards the British Transport Commission?"

(Mr. Harold Willis): That is a different point, Mr. Lawrence, with respect. What I was suggesting there was that inflaming the public to some extent in advance of the proceedings might increase passenger resistance. I have no objection, of course, to your raising it at this Inquiry in any way at all.

(Mr. Geoffrey Lawrence): Well, Mr. Willis, I am obliged, and I do not want to misrepresent anything you say, but if I may adopt that position, if it is unobjectionable at this Public Inquiry, to raise the issue of passenger resistance to increased fares, surely it cannot be objectionable to raise that in advance of the Public Inquiry.

In my submission, of course my learned friend does not put any questions except on instructions; he does not adopt a line of cross-examination or examination in chief which is not in accordance with the case his clients desire to put forward publicly. The whole matter here is an indication, in my submission, of that extreme sensitiveness of the Commission to any form of criticism at all, and in particular its sensitiveness to criticisms on the matter of passenger resistance. I shall be dealing with this a little later on in the material part of my submission. They know they are going to encounter severe passenger resistance as a result of this proposed scheme if it is approved, and they are, as one would expect them to be, extremely sensitive on that point. Not unnaturally, they do not want any publicity to be given to the matter which might increase the very difficulties which they know they have to contend with in due course.

That is coupled with another matter which I may perhaps—because this is not the first Inquiry and because one can see certain things developing in the course of these Inquiries—mention, and that is the suggestion that it is almost impertinent for any Objector to suggest that those who have the task of framing policy, making estimates and apportionments on behalf of the Commission, can possibly be mistaken.

The line that is taken is this: "Really, Mr. Hill"—or Mr. X—"can you really possibly put forward that suggestion when it is contrary to something that Mr. Valentine has said, who, after all, has so many years of experience in these matters, has such a wide knowledge and obviously knows very much more about it than you do?" I do not know, if that is the attitude which is to be adopted, why we are here as Objectors at all. The whole thing would become a cathedral announcement by the Commission, and, if I may say so with respect, a formal endorsement by the Tribunal.

If these Public Inquiries into these repeated Applications are to mean anything at all, the Commission must submit themselves here to public criticism and expect to be met and challenged on the very ground on which of course, they have to fight. Any attitude which would suggest to an Objector that he almost might have to put off his shoes before he treads upon the ground walked upon by those who have the affairs of the Commission in their hands is extremely, in my submission, deplorable. We may be wrong. You may find us, Sir, to be wrong. After all, it is perfectly true that we have not the advantages; we do not see behind the scenes, as I shall say later on, at every stage of these calculations, but we are

not here presenting merely factious, merely irresponsible objections which are not designed to achieve the object which one supposes was behind the intention of Parliament in establishing these Public Inquiries. After all, Sir, if I may say this, a Public Inquiry like this is one of our democratic processes whereby in this country we manage our affairs. A large monopolistic undertaking like the British Transport Commission has to lay before you, Sir, at a Public Inquiry at which the doors are open for all to come and hear it, their proposals to be examined.

(President): For all to come into the public gallery.

(Mr. Geoffrey Lawrence): If you please, Sir, for all to come into the public gallery, to have their proposals examined. The way in which it is done is the way in which we manage these affairs in this country by the presentation on one side and the other of really a partisan case by evidence in chief, cross-examination and so forth. That is the method by which it is hoped the truth will emerge and the Tribunal will have the maximum possible assistance.

That object, that procedure, will be defeated if the Authority seeking the approval of the Tribunal does not recognise that that very process must necessarily involve frank and candid criticisms. After all, when one looks back upon the history of this matter, one can see at least two or three topics on which the Commission have either made mistakes or made faulty conclusions and inferences. I shall be dealing with the matter of London Lines and their costing in a moment. But we have been told this year that for years past there has been a very material error in the computation of steam mileage, which, upon the basis then and in the past adopted for the costing of the working expenses of London Lines, has led to an overcharge against the London Lines year after year of something well over £1m. Indeed, Sir—

(President): Overcharged, of course, Mr. Lawrence means overcharged in investigations before this body.

(Mr. Geoffrey Lawrence): Yes.

(President): It is capable of being understood by the listening public as though the passengers were being overcharged because of an incorrect mileage.

(Mr. Geoffrey Lawrence): No, I did not mean that passengers on London Lines had been overcharged, but I was going on to say this, which in my submission is a fair comment, if this error had not been made, or if it had been discovered earlier and before 1954, when this new method of costing the working expenses has been adopted and put forward, it would have had this result, that for the London Area as a whole, year after year, there would have been thrown up a notional additional £1m. or more on the credit and not on the debit side.

As you will remember, Sir, last year and indeed this year, in attacking and trying to reduce the amount of the net requirements which the Commission want in the London Area, I have placed reliance upon the fact that in the London Lines part of the investigation there was a credit which could be carried over to help the position on London Transport so that in the Area as a whole either there was no deficit or the deficit was not as big as is suggested.

If this error as to steam mileage had not been made, or had been discovered earlier, over £1m. on each of those calculations, these notional calculations, would have been on the side of the Objector. Who can possibly say that that would not have had a material effect upon the decision of the Tribunal in fixing the gap which had to be met by an increase in fares? And, therefore, who can say that in fact the London fare-paying passenger has not for many years been paying higher fares in London than he would have done but for the making of this mistake? That, Sir, is one of the results of the disclosure of this substantial error this year.

There is another small error that has been disclosed as we went on, on something of the same subject matter, on the London, Tilbury and Southend Lines. Above all this year there has been the change of view as to whether the reduction in receipts in the early part of last year was a fortuitous circumstance due to transient and easily explainable causes, or whether it was the manifestation of a downward and progressive trend. There is no doubt whatever about the position taken up last year. In the face of the evidence of that drop in receipts Mr. Valentine

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said he was not shaken at all with regard to them; that he personally did not regard them as indicating any significant change of trend.

It is not, Sir, the task of a Local Authority such as the London County Council to interpret matters of that kind. That is a matter about which one would not expect experienced, knowledgeable transport authorities such as the British Transport Commission to make a mistake. One would have expected them to have said: "Well, it is disturbing to see this drop in receipts at the beginning of 1953. We do not think it indicates a change that is going to affect the position at the end of the year or the year after, but it may do so. We must enter that caveat." But no, the position was quite definite and categorical last year, but this year the position is quite different. There has been a change of view which can only involve the admission that the view put forward last year was mistaken.

My learned friends will, I am sure, pardon the London County Council and other Objectors in the face of that evidence of error or mistake for not accepting without question everything that is said for the basis and foundation of these schemes. After all, if I may put it this way, this is an Inquiry into an Application by the Transport Commission; it is not an Inquiry into objections. In so far as onus of proof has any relevance at all at an Inquiry like this, I would submit that the onus for justifying this scheme is on the Transport Commission. Several times you have asked, and my learned friend has asked: "Well, if you say that our figures are wrong, if you say our Scheme is wrong either wholly or in some particular, what figures do you put forward, what scheme do you put forward in its place?"

It is impossible for us as Objectors and not transport undertakers to supply any given set of figures or to put forward any particular scheme unless we are given guidance upon the amount or the gap that has to be covered by it. Nor, in my submission, with respect, should we be called upon to do so. If the present Scheme will not stand the test of public criticism and analysis, when that criticism and analysis is directed at it by the Objectors, then it is not for the Objectors to place something better in its room in my submission, but it is for the Transport Commission to go away and to come back with a scheme which will stand public criticism and analysis and would find acceptance at the hands of the Tribunal.

I realise that that is confining the role of an Objector such as my clients to purely destructive methods, but that is the only way in which the validity of the present Scheme can really be tested, and if when it is submitted to the criticisms of that nature it stands up to them, and you find it acceptable, then, Sir, the function of this Inquiry would have been fulfilled. If it fails, either wholly or in some particular, equally the function of this Inquiry will have been fulfilled, but it is for the Transport Commission then, in my submission, to make good the rents in the edifice of their case and to fill up the holes, but it is not for the Objectors to do it.

In my submission this Scheme is based on a demand which is in excess of the true requirements of the Commission in the London Area. The two topics which I desire very shortly to discuss to make that proposition good are first of all the question of trend and, I very much fear, the old question of working expenses of London Lines.

(President): Not parcels. Our oldest friend has not even made the shadow of an appearance this time.

(Mr. Harold Willis): They figured once on the second day.

(Mr. Geoffrey Lawrence): Yes, they did, but I do not propose to say anything about them now. What Mr. Hill or someone else said about them is on the record in the note, and I propose to leave it.

I want to deal with this matter of trend because it has in my submission a very considerable importance, not only for this Inquiry, but for any which may subsequently come hereafter. What is involved primarily is £0.667m., and the addition of a small amount for various matters that Mr. Hill mentioned with this topic, amounting in all to very roughly £900,000 or just under £1m.

May I invite your attention first of all to the necessity for the avoidance of any loose thinking about trends.

In my submission a trend such as the Transport Commission have been talking about, and in respect of which they have deflated their "Z" year estimates, is something quite different from an actual loss of receipts for any particular period or periods. It is necessary to bear that in mind, in my submission, otherwise there would be grave danger of confusing a fact with what is only possibly evidence of that fact.

A trend such as would justify the deflation of the "Z" year estimates as I understand the Commission to put it forward, is a movement and a progressive movement on the part of the fare-paying public which results in a progressive decline of receipts. It is something which is not easily controlled; it is something which has its causes in social and economic circumstances, but it is something which is in the nature of a movement, a curve, of a progressive nature which can be projected into the future, and indeed, if it exists, must be as I concede, I would never adopt the position that if this trend exists it must not be reflected in estimates of a notional future year, because only by doing that could any proper and accurate budget be obtained, but the question is, Sir, if that is the trend, does it exist as a fact? The Commission say it does. My clients, taking the advice of their expert accountant, Mr. Hill, and statistician, Mr. Karslake, say that it does not. Whether it does or does not is a question of fact, but it is one of those questions of fact that are really inferences from proved facts.

(President): It is not decisive. The real question is: Will the receipts at the end of 1954 be £70.6m. assuming no change, or will they not?

(Mr. Geoffrey Lawrence): I agree, Sir, with respect, and the answer to that question depends upon whether approximately £1m. should be reinstated that has been taken out on the grounds of this supposed trend.

(President): I am saying that suppose we held that there was not a trend in the proper meaning of the word, it would not necessarily follow that the figure at the end of 1954 would not be £70.6m.

(Mr. Geoffrey Lawrence): No, Sir, because other causes might have—

(President): Separate fleeting causes?

(Mr. Geoffrey Lawrence): Yes.

(President): Operating only for six weeks or a fortnight up and down, might equally result in the same figure being reached. It is quite true that the Commission, having arrived at the point when they get their figure of £70.6m. say that one of their reasons has been to assume as being established a trend in the proper sense of the word. Their reason may be proved wrong, but their figure may be proved right.

(Mr. Geoffrey Lawrence): I agree. In the event, whatever the weather is going to be; it may be that we shall go on suffering from seasonal cold weather through the summer, or that the warm weather when it comes will be accompanied by wet and things of that kind. All those things have an instantaneous, a marked reaction on the receipts, but I can only deal with the budget upon the basis put forward by the Commission. I hope you will forgive me for speculating about the possible incidence of other causes which might prove the Commission in the end to be right, though not for the reasons which they themselves put forward.

I do not know, Sir, what you would think about the position of accepting the figure of £70.6m., which is a deflated figure, because it is deflated by something over £2m., £2.2m., from the consequential figure that would result.

(President): No. It is not a deflated figure, it is actuals for 1953, with four variations.

(Mr. Geoffrey Lawrence): Yes, that is right, Sir. It is a figure which would be put forward at a higher level, were it not for the fact that they are purporting to take into account this alleged trend.

(President): Yes, of course, it would be the £670,000 higher.

(Mr. Geoffrey Lawrence): £0.9m. or thereabouts

(President): The other is not a trend, but it does not matter.

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[Continued]

(Mr. Geoffrey Lawrence): I understand, Sir, if they had not felt constrained to make allowance for this trend that they would have budgeted at a figure of approximately somewhere between £0.5m. and £1m. higher. Of course, they might be proved to be wrong in the event, because they had not taken into account certain causes or reasons which would eat away the figure that they put forward. One looks at these things, I hope, taking one year with another, and that is one of the reasons why I am dealing with the question of trend because that is very material with the longer-term picture.

(President): You must deal with it because it has been put forward as an explanation. I was really concerned to point out that at the end of 1954, even if the Commission's figure is realised to the last £1,000, it will not show that they were right in asserting the existence of a trend.

(Mr. Geoffrey Lawrence): No, Sir, I fully understand that.

(President): We are only now at the end of the 21st week. Suppose we delay our decision to the 40th week, the figure would then begin, I think even on your concession, to be some kind of guidance to what the results

may be, but they will not necessarily show whether the position then reached is consistent with the existence of a trend or not. It can never be proved.

(Mr. Geoffrey Lawrence): It can never be proved, Sir.

(President): Never.

(Mr. Geoffrey Lawrence): And in my submission it has not been proved here at this Inquiry. That is what I was going to deal with.

(President): Yes, I have diverted you, but the word "trend" is a description of a result and not a description of a loss.

(Mr. Geoffrey Lawrence): It is, Sir, with the greatest respect; that is why I paused before I got to any detailed submission to try to isolate what we mean by the word, because it can be and is so often loosely misused.

(President): Very well, Mr. Lawrence, I hope I have not distracted you. Perhaps you will go back a little tomorrow morning to make quite certain I have not broken the thread.

(Mr. Geoffrey Lawrence): I am sure you have not, Sir. I can take it up easily tomorrow morning.

(Adjourned until tomorrow morning at 10.30 o'clock.)

CORRIGENDA

PROCEEDINGS, FOURTH DAY—THURSDAY, 27TH MAY, 1954

Page 75, Question 1082, line 12—after "7d." insert "each way"

Page 75, Question 1082, line 14—insert a full stop after "services" and delete "from 3d. to 3½d."

Page 75, Question 1082, line 15—after "7d." insert "each way"

Page 75, Question 1082, line 16—delete "single"

Page 80, Question 1201, line 4—for "would represent no" read "need not represent a"

L.T.E. BUDGETS OF RECEIPTS: 1953 AND 1954 COMPARED

LCC 212

1953 Budget						1954 Budget			
		£'000		£'000	Percentage of Year's Total		£'000	£'000	Percentage of Year's Total
1	25th January ...	4,993	—	—	—	To 24th January—24 days	4,481	—	—
2	Less 3 days in 1952	506	25 days	4,487	6.7	Add 1 day ...	231	4,712	6.7
3	—	—	—	9,405	13.9	—	—	9,819	13.9
4	—	—	—	14,448	21.4	—	—	15,104	21.4
5	Easter Monday ...	—	—	19,653	29.1	—	—	20,475	29.0
6	—	—	—	24,933	36.9	Easter Monday ...	—	25,949	36.8
6	Less £210,000 Coronation.	—	—	30,232	44.8	—	—	31,620	44.8
7	—	—	—	35,584	52.7	—	—	37,199	52.7
8	—	—	—	40,930	60.7	—	—	42,784	60.6
9	—	—	—	46,206	68.5	—	—	48,274	68.4
10	—	—	—	51,439	76.2	—	—	53,747	76.1
11	—	—	—	56,631	83.9	—	—	59,197	83.8
12	—	—	—	61,743	91.5	—	—	64,557	91.4
13	Including Boxing Day.	—	—	66,740	98.9	Excluding Boxing Day ...	—	69,959	99.1
	4 days to December 31st	£682,000	—	67,465	100.0	—	—	70,600	100.0
	Coronation ...	—	—	210	—	—	—	—	—
					67,675				

